

21 January 1978

FROMM INTERVIEW

1. No? Cuts needed to be made

55/45

Inefficient - morale debilitating - costly

No one disagrees

How?

No easy way - those RIF'd have another way - one would not lead to his RIF

2. Major purpose promote future of CIA/DDO

Can't do w/o people

Need rewards/incentives

Open clogged promotion system

Average age all top executives w/in 3 years

Disaster ahead

Must open up

No lateral entry

3. Future DDO bright

Technical leads to human

Must be complementary

4. Optimism

Media lagging facts

General recognition changes last 9 mos. necessary/desirable

5. Accomplishments

Policy-makers involvement; community coord; realign pol
actn to intell; emphasis on evaluation; successes in
DDO collection & evaluation; moves to pers policies;
public confid due openness; public debate; oversight

6. Goals

Product more attuned to times
Integration of community efforts
CIA Personnel management
Openness
Oversight

DAVID MARTIN

1. Threat to secrecy of DDO ops from "so-called" intelligence professionals who expose intelligence to "defend" Agency, redress Agency wrongs or for personal gain.
2. Personnel policies were leading to institutional suicide.
Can no longer count on the abundant supply of dedicated old hands.
3. Headquarters duty is stifling -- rather little direction needed or can be given -- 55/45 ratio out of line -- demotivating.
4. Personnel system built on concept of dedication and self-abnegation. Admirable but not up with times. Need incentives and recognition.
Means more internal competition.

DAVID MARTIN INTERVIEW

Major reshaping -- necessary if CIA to continue serve needs of nation,
Look at prospective accomplishments - not just problems.
Both what doing and how
Requires change - never easy -
Emerged from cold war focus on military aspect of Bloc less

10 nations --

to world of constructive involvement and concerns in military,
political and economic relations with over 100 nations.

For CIA --

1. Major shift from political intervention, covert action
to one of intelligence reporting --

Political action --

Paramilitary in VN

Political in Angola until Tunney

Various mil/pol actions against Cuba

One reason for personnel reductions

2. Personnel management needs to shift

30 years relied on cold war motivation

Relied on dedication and self-abnegation of people *who*
joined from OSS or ^{at} height of cold war.

Today must move with times --

Can't rely on same abundant reservoir of
talent -- running out

Can't rely same admirable dedication

Need incentives and rewards, recognition

Must prove elitism by internal competition
that leads to quality

Also must eliminate extreme sense of protection of
own people

Have hung onto some whose:

Performance marginal

Reliability questionable

Cold war could afford risks and embarrassments

Today cannot --

Either country or CIA

Can't have/don't want people such as
those who "know" better than constituted
authorities and go to press with complaints

Must have a screening process in personnel
system

Small %

As was this cut

Must have rules

3. Greater openness

Want public have better understanding

Want public have benefit

Want stay closer touch with public attitudes

4. Greater controls

Forthrightness with Congress

5. *Greater integration of Community* MKULTRA disclosure

6. Greater emphasis on expanding horizons of CIA analysis

Not just CIA HUMINT sources

DOD/State tech/HUMINT sources

Wider expanse of national concerns

Satisfy needs of variety of consumers

Summary

CIA updated --

Shift from political action to intell. personnel policies
to attract/retain high quality people

CIA strengthened --

Excess personnel removed

Overseas ratio shifted from 45/55 to 55/45

CIA under firmer internal/external controls

Not easy adjustments

Morale not affected product

DAVID MARTIN

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Means more internal competition.

POINTS FOR MARTIN

1. Look at prospective accomplishments -- not just problems
2. - Adjusting CIA/Intelligence to times
 - a. Objectives
 - b. Methods
 - c. Personnel management
 - d. Openness
 - e. Oversight
3. Objectives
 - Covert action vs. intelligence
 - Not primary before
 - Personnel cuts
 - Economics - new countries
4. Methods
 - New technical means -- complement
 - Requires coordination
 - Role as DCI
5. Personnel
 - End of era -- demobilization
 - Must plan attraction, retention
6. Openness
7. Oversight

DDO CUTBACKS

1. Have any of those affected taken legal action, individually or collectively, to fight their ouster?
2. What, if anything, will you do differently when the next notifications are issued?
3. Do you know whether any of those who are losing their jobs have found work elsewhere, (a) in the Agency, (b) in the Intelligence Community, (c) in the private sector?
4. We know many have gone to the U.S. media to air their gripes. Are you surveilling them to be sure they don't sell out to the other side (KGB)?

HUMAN VS. TECHNICAL COLLECTION

Is there something to the allegation that you got rid of a lot of spies because they have in fact been replaced by technical means?

MORALE

1. Has the storm over the ouster of DDO personnel died down?
2. Please assess current morale in the Agency.
3. What can or will you do to raise morale?
4. Do you think there was a way to do what you feel you had to do without creating a morale problem?

INTERNAL CIA REORGANIZATION

1. In what way is removal of the old DDI and NIO from the CIA proper an improvement?
2. Do you plan any further organizational changes in the Agency.

3. How about major personnel changes, such as those of [REDACTED] Will you put in your own DDA, DDS&T, IG, OLC, etc.?

25X1A

25X1A

-2-

AGENCY EFFECTIVENESS

1. Is the CIA today as effective, overall, as it was a year or two ago?
2. Is the DDO as effective? (A former CIA official said on a recent newscast that he estimates the DDO people are working at only about 50% efficiency right now.)

DCI PERSONAL

1. It has been said and written that you came to the CIA with a distrust and distaste for the Agency. Is this true?
2. Please name some things that you feel you have done well at the Agency, and can you also name some that you feel you have done not so well or even poorly?
3. Please describe how you view your own style as a manager.
4. Is the frequent claim that you want to be the C/JCS or CNO valid?
5. How do you view your own future?

CARLUCCI NOMINATION

1. Is it true that President Carter nominated/selected Ambassador Carlucci to straighten out the morale and other problems that have arisen in the Agency recently?
2. Will Carlucci, like his predecessors, concentrate on running the Agency or will he have a strengthened hand as your deputy in your role as DCI?
3. How do you view the role of the new DDCI?
4. What qualifications are/were you looking for in making a choice for DDCI?

BUDGET

1. What is the status of releasing a single budget figure for the Intelligence Community?
2. Why are you waiting for Senate action? Since you favor the release of a single budget figure, why don't you just do it? That isn't prohibited by any current law of Executive Order, is it?

RELATIONS WITH THE MEDIA

1. Will foreigners working for foreign media remain fair game for the CIA?
2. If the foreign media remain fair game, what are you doing to minimize the risk of "domestic fallout" or "blowback?"
3. Please discuss the spirit and intent of your new media policy.
4. Under what conditions would you grant an exception to that policy?
5. Would that exception be entirely at your discretion or would you consider asking/telling the oversight committees, for example?
6. Can we assume that this exception would be considered a secret?

SNEPP CASE

1. What is the status of the Snepp case?
2. Have you done all you are going to do, or can do, in this case?
3. Did Snepp's book, aside from the violation of the secrecy agreement, actually disclose national security information? *No comment*
4. Have you read the book?
5. Why did you make an issue out of this case--to dissuade the DDO people who now have to leave from writing exposes?

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LEAVE IN FILE
BUT NO NEED
TO MICRO

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STATINTL

CASE

1. Your representative in [REDACTED] recently fired, says he was a "whistle-blower" and that he was fired for this reason. Is this true?

STATINTL

2. Why WAS he fired?

Newsweek

February 6, 1978 / \$1.00



The CIA: How Powerful Is It?

DIRECTOR
WASHINGTON
DC 20505

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Too many ads like this start out pointing with pride, but wind up pointing the finger.



Being in business, we naturally believe in competitive enterprise.

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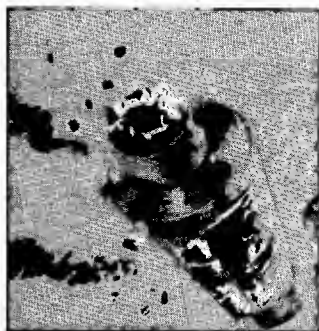
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Cosmos 954's fiery descent

Close Call Page 14

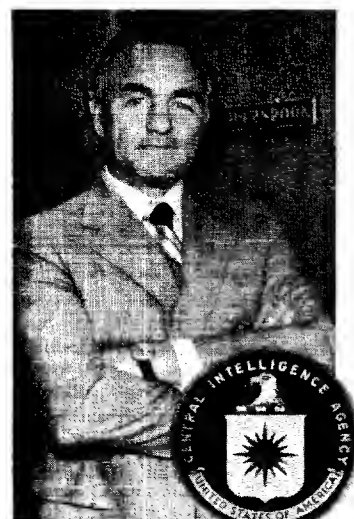
A Soviet spy satellite tumbled out of orbit last week and plunged to earth, bearing a deadly cargo of nuclear fuel. Fortunately it came down over a deserted area of northern Canada. And while airborne experts searched for radioactive debris, the incident raised a worldwide wave of concern about man-made dangers from outer space.

A New Idi? Page 52

Uganda's President Idi Amin celebrated his seventh anniversary in power last week with a parade in the village of his birth. Newsweek's James Pringle was on hand to hear the burly Amin (right) vow that he had turned over a new leaf — after seven years of terror. "I have no bad intentions from now onward," the self-styled "Conqueror of the British Empire" told his understandably wary subjects.

**The CIA Story Page 18**

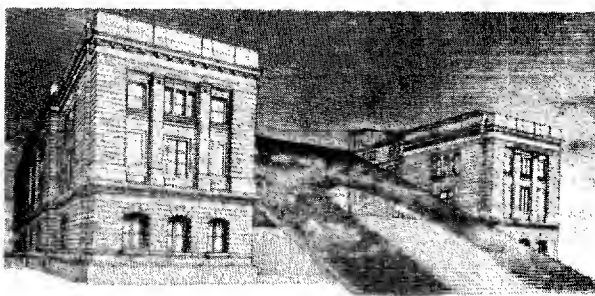
After three years of public exposure, the CIA is a troubled agency. Many disgruntled operatives have quit, hundreds have been fired and many more wonder how to reconcile the country's legitimate needs for espionage with democratic values. The new director, Stansfield Turner, has gained power but is himself under fire for being abrasive and uninformed in the craft of spying. The Newsweek cover package includes an analysis of CIA troubles, a Turner profile and an interview with the embattled chief. (Cover photo by Bill Ray.)



Turner: Under fire

Flying Furs Page 80

Not so long ago, fur coats seemed about to become an endangered species. But now sporty new designer styles and two unusually frigid winters in succession have made mink—and even raccoon and fox—more popular than ever.

**Paper Buildings Page 76**

Once scorned as a scribble, the architectural drawing is stirring interest as an art form. Exhibitions range from the Museum of Modern Art's show of historic Le Corbusier drawings to one in Jacksonville, Fla., which spans 200 years and proves that some of the best building has happened strictly on paper.

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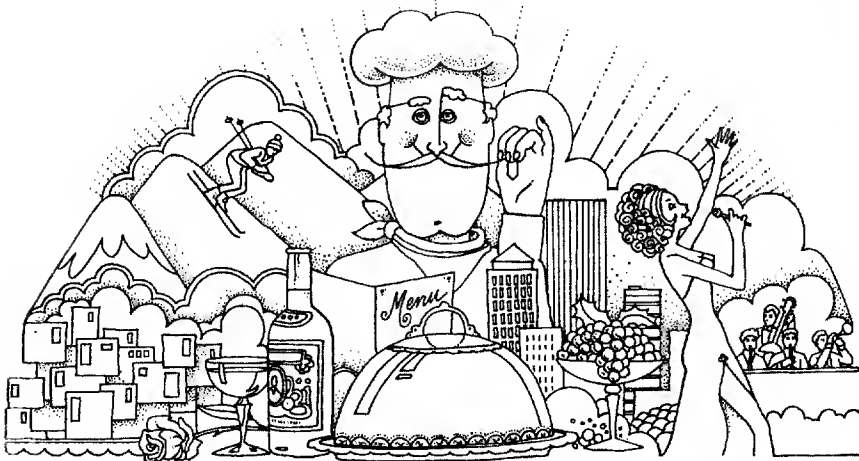
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Canada
SO MUCH TO GO FOR

Letters

'The Happy Warrior'

The coverage of Hubert Humphrey you provided at his death (NATIONAL AFFAIRS, Jan. 23) made me realize for the first time the magnitude of the loss our country has suffered. He was a man who will be sorely missed.

TERRY MATTHEWS

Durham, N.C.

■ In our rush to pay tribute to the late Hubert H. Humphrey, who was in many ways a great and remarkable man, let us not twist reality over who was betrayed during Vietnam. In his consistent support of the Administration, Humphrey deserted the very ideals he espoused throughout his political life. It is his tragedy, and our own as well, that during this period he was forced to put loyalty above justice—and then found himself unable to understand why his followers would not do the same.

THERESA J. LIPPERT

St. Paul, Minn.

■ Thank you for running that particular photograph of Sen. Hubert Humphrey on your cover. That is just how I will remember him: even when he struck a reflective pose, you could always discern the ever-present twinkle in his eyes.

EDWARD A. STEEN

Plainview, N.Y.

■ I can't help thinking how different the course of history would have been had Hubert Humphrey only received the 500,000 additional votes he needed to defeat Richard Nixon in the 1968 Presidential election.

PAMELA BRADFORD

Roselle, Ill.

■ Hubert Humphrey may have been a very nice man. However, sorrow at his death should not obscure the view that he did this nation irreparable damage by helping foster the notion of a welfare state.

A. K. BREELEY

Oakland, Calif.

■ So what if Hubert Humphrey never made it to the Presidency? He left more of a mark for good on this country than any President in memory has managed to do.

FRANK WILLARD RIGGS

Montgomery, Ala.

Fiddler's Gold

Your picture of "struggling violinist" Richard Wexler and his pedigreed companion (BUSINESS, Jan. 9) brought a vivid memory to mind. Some of my hard-earned, closely budgeted money was wholeheartedly tossed into his battered violin case so that he and his dutiful friend—which I mistakenly thought to

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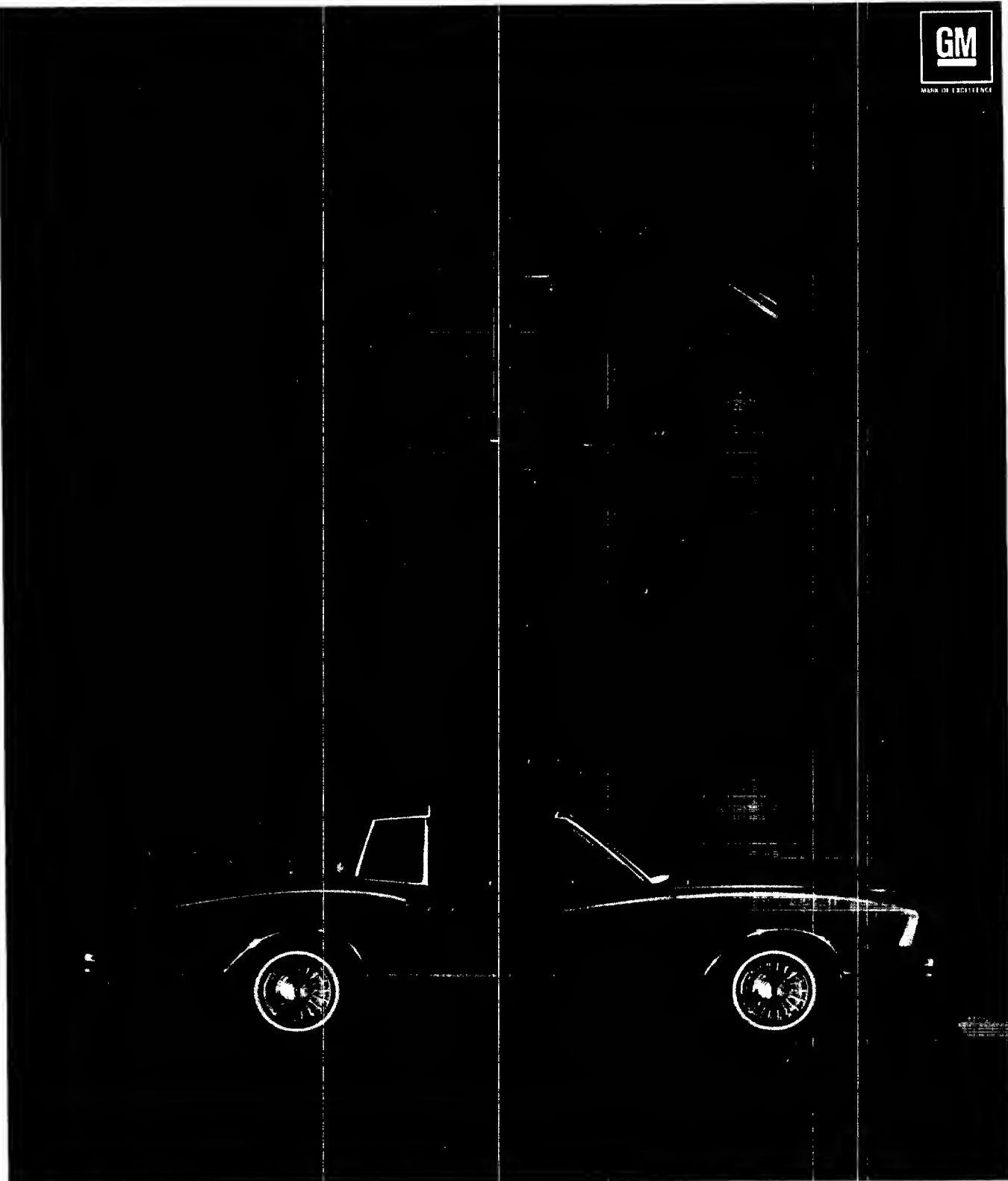
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SEE WHAT'S NEW TODAY IN A CHEVROLET.

be a starving mutt—could eat. Thanks to NEWSWEEK I now learn that my simple expression of brotherly love has turned out to be just another ripoff. So, to Richard with his Gucci loafers, \$400 watch, Bermuda vacation, etc., I'd like to say, "Thanks for helping me with one of life's lessons."

DONNA E. HEIM

Andover, N.J.

■ Richard Wexler is awfully cute, but I hope your article ruins him.

CANDACE JOHNSON

West Hollywood, Calif.

The New Man

My eighteen-month-old son looked at your cover story about "How Men Are Changing" (SPECIAL REPORT, Jan. 16) and immediately said, "Daddy." Actually, I do most of the cooking in the family because I like to and I'm better at it. And now my son helps, so for Christmas my wife and I bought him a dump truck and a play stove. Thank you, NEWSWEEK, for recognizing men who have changed—and those of us who never thought life was otherwise.

JIM HRISTAKOS

Omaha, Neb.

■ The feminist movement is the best thing that ever happened to the American male. Men's liberation is not a backlash movement at all; it is a bona fide struggle for identity whose cause is equally as valid as feminism.

BRIAN STANLEY PAPPAS

Minneapolis, Minn.

■ For shame, NEWSWEEK! That you should perpetuate such prattle! First, the proposition that rating one's lovers' bedmanship is in any way consistent with being a liberated single is ludicrous. Second, any "troublemaker" women whose unreasonable demands on their men to (get this, girls) *give them* an orgasm are believed to stem from reading the "Hite Report" must have been reading that book upside down. And last, women have always known about orgasm—what could we possibly mistake it for?

NANCY VAN ALLEN-MEZZO

Madison, Wis.

■ I consider your selection of Ted Koppel as a househusband a poor choice. Getting the kids off to school and one-half hour of housework do not a househusband make. I strongly suggest that the maid who did "some" of the heavy housework did it between the hours of 8 a.m. and 3 p.m.

R. J. GARDINER

Fort Wainwright, Alaska

■ A minor point in this liberated age. Grace Anne and I were married in 1963, not 1964 as you reported. That seems to be of some importance to our oldest daughter, Andrea, who was born in November 1963 and is a little old-fashioned about the implication of your error.

TED KOPPEL

Potomac, Md.

■ "How Men Are Changing" was generally on target. One statement I challenge: "It was the Industrial Revolution that separated the sexes



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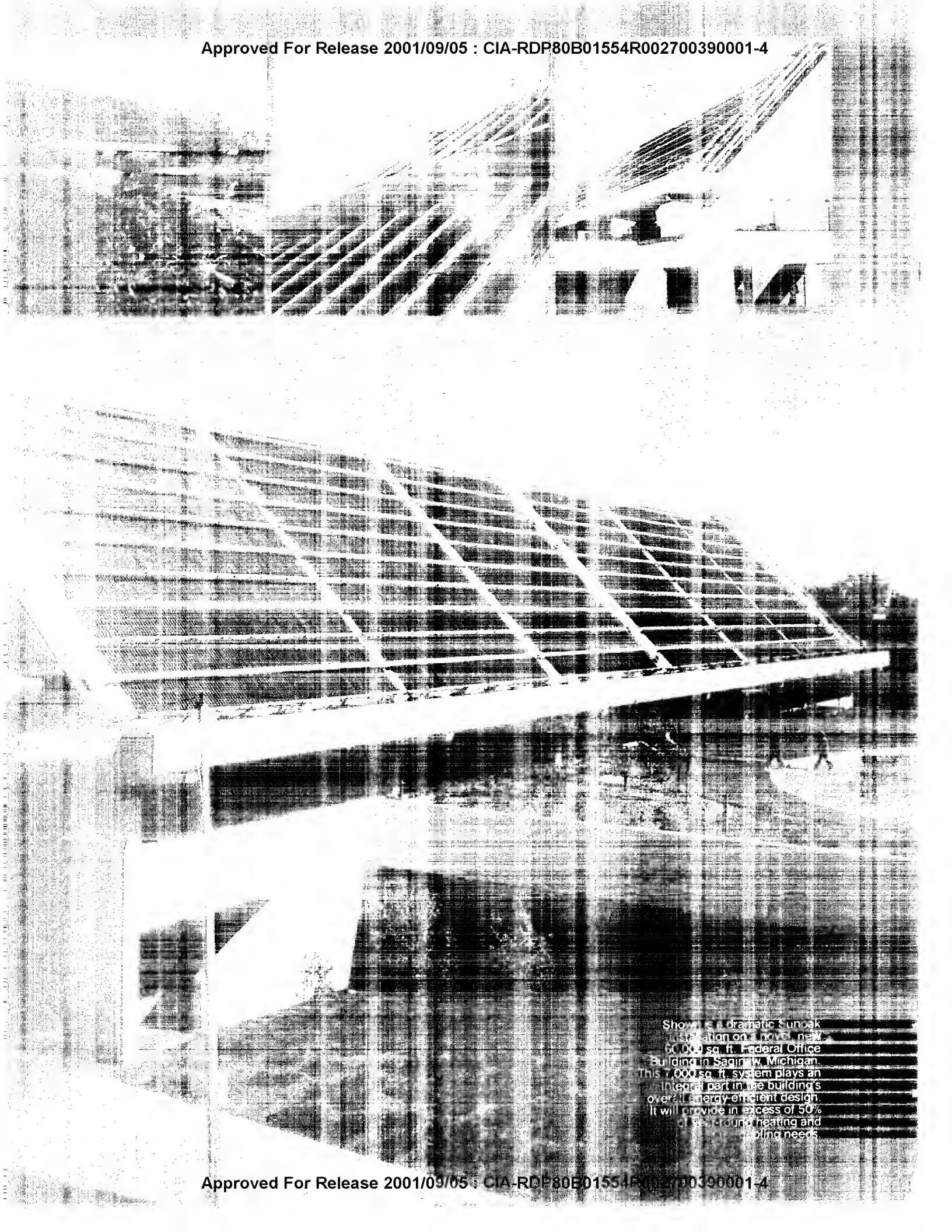
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Laser glass at Livermore

And Sunpak isn't all we're doing in the field of energy. Another major O-I involvement is in laser technology.

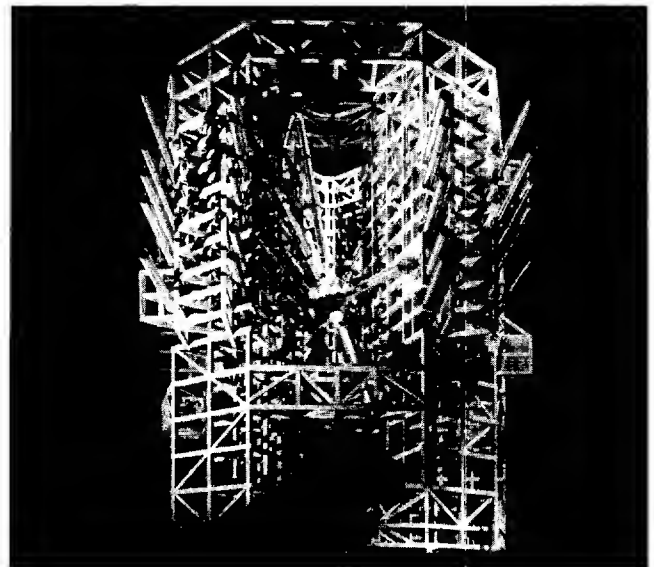
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The Scientific Company

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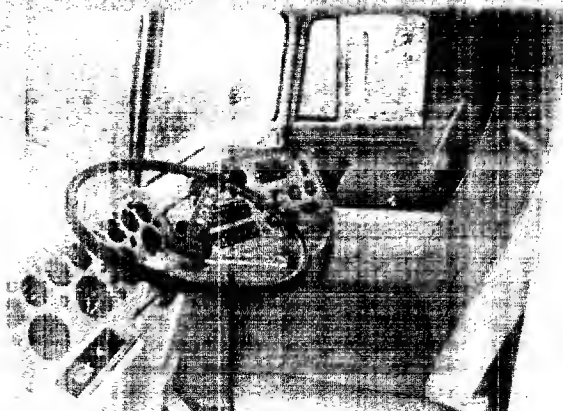
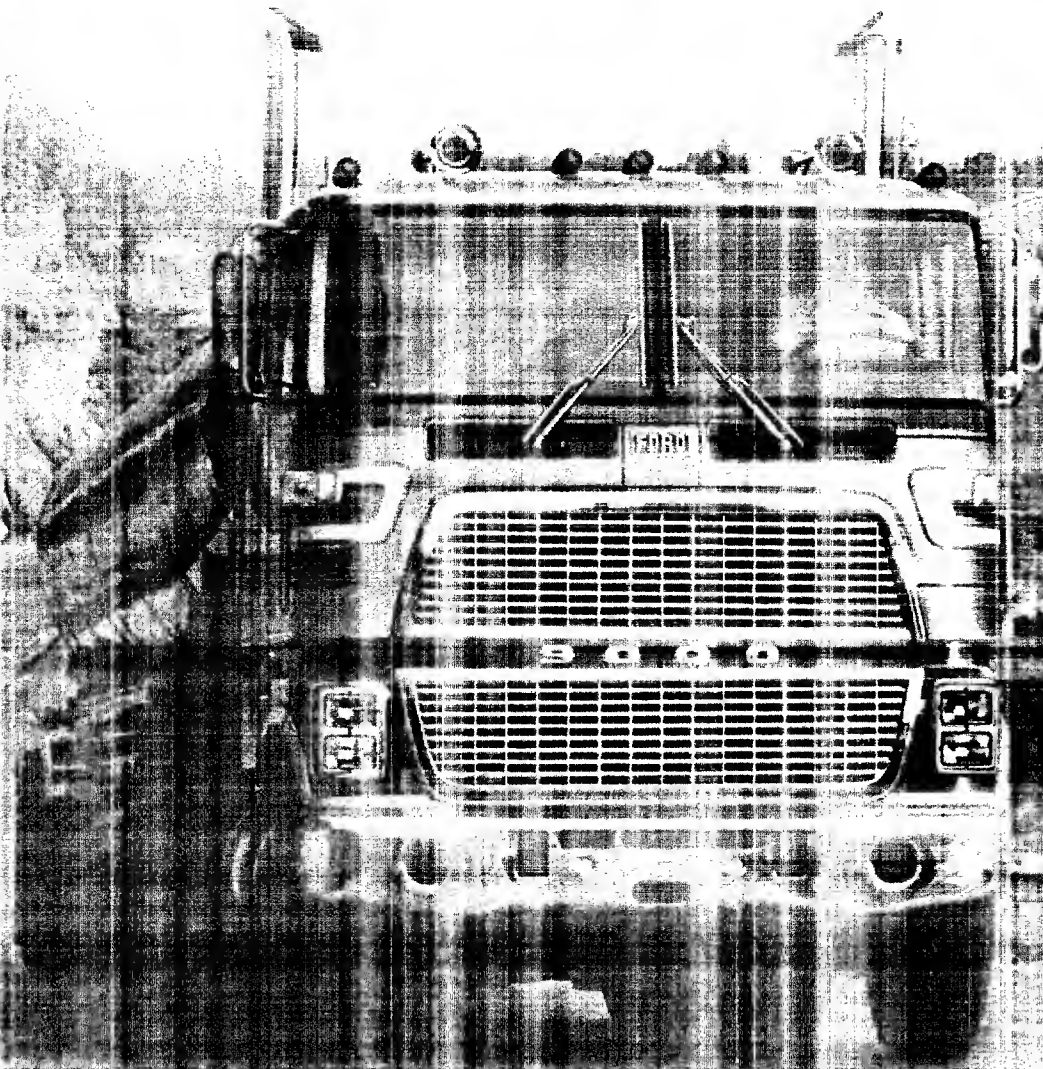


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FORD MEANS BUSINESS IN BIG TRUCKS

into the tender and the tough ... men acquired a lonely new authority as breadwinners in the harsh world of factories and foundries." Industrial Revolution cottage industries, mines and factories also enslaved women and children, through Victorian times and well into this century. Many children saw daylight only now and then, and women toiled in garment sweatshops for sixteen or eighteen hours a day for \$5 or \$6 a week.

EVAN LODGE

Hudson, Ohio

■ Social-studies students have been reading *NEWSWEEK* for years at Sycamore High School, and we were pleased to see one of our teachers (photo) on your cover. Mark Pel-



Gary McNeill

Math instructor Pelczarski in the kitchen: A model for the cover?



© Saxon

czarski, our computer-math teacher, likes to cook, too. He wants to know if illustrator Saxon used a model for his cover.

MARK JENKINS

Sycamore, Ill.

■ Real men aren't changing. They don't have to; they've never had the ridiculous hangups your article describes. So-called men who are changing aren't changing so much as they are allowing themselves to be cowed and browbeaten by a minority of lesbians, feminists and other female impersonators. The Free Men group has the right idea: women are hardly the only people who have it tough.

RORY FORAN

Glen Burnie, Md.

Dinner in Arabia

Your article about "The Grand Tour" of President Carter (*NATIONAL AFFAIRS*, Jan. 16) suggests that, at the President's request, King Khalid's wife and Rosalynn Carter broke prec-

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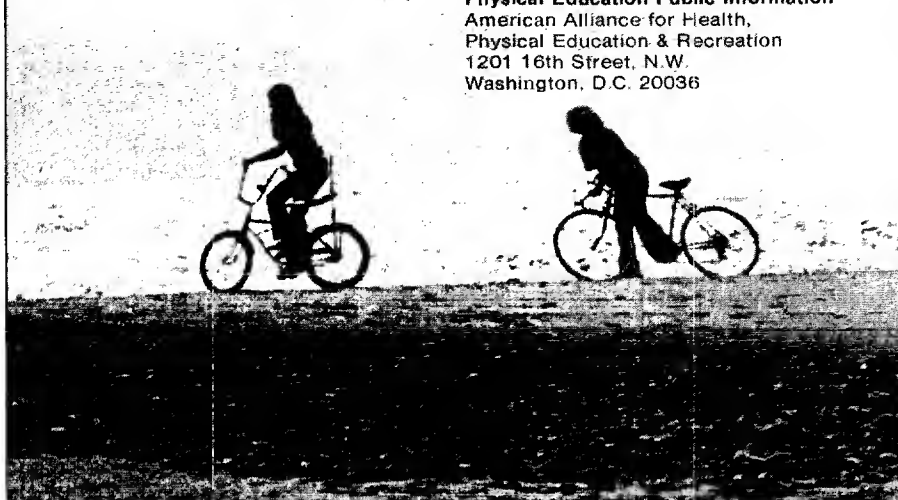
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Washington, D.C. 20036





"WE SOLVE PROBLEMS. IF YOU THINK THE AUDI 5000 IS BEAUTIFUL, SO MUCH THE BETTER."

AN INTERVIEW WITH HERBERT BROCKHAUS, HEAD OF STRUCTURAL TESTING

Are you saying that beauty wasn't your prime concern?

Brockhaus: With us, styling and engineering go hand in hand. They are one and the same. When I look at the car, I can see all the parts underneath. Like x-ray vision, if you will. The styling is an essential part of the engineering and vice versa, which is as it should be. If the car is attractive, it is basically because of the elegant engineering solutions.

Isn't it a bit pompous to say you solve problems? Don't all car manufacturers?

Brockhaus: Some car manufacturers are more like plastic surgeons — they change the skin. But for us, you might say solving problems is our driving force. So we built the Audi 5000 from the ground up. We have all the necessary equipment and testing facilities. At Audi a surprisingly high percentage of our total budget is allocated to Research and Development.

All right, what problems did you solve with the Audi 5000?

Brockhaus: Overall, we solved the problem of making a large, lively car that is comfortable to drive with remarkable handling and performance. To do this, we had to develop totally new ideas, from the first 5-cylinder gasoline engine to a new concept of interior design utilizing psychology.

Five cylinders? Psychological design? Sounds extreme.

Brockhaus: Extreme? No. Innovative, perhaps. That's my point about solving problems — we needed an engine with efficiency, like a 4 and performance, like a 6. So we were the first to make a 5-cylinder gasoline engine. We knew from psychological testing that harsh interiors could make a driver more aggressive. So we developed cheerful interiors which would be comfortable and pleasing and help the driver to remain calm and relaxed.

Were all your solutions so innovative?

Brockhaus: No. But they are equally important. For example, we not only are concerned with the exterior finish of a car, but the interior protective finish, as well. There-

fore, we designed particularly large openings inside the doors, and other body panels, so that we could get sufficient layers of protective coatings into all the normally hidden body areas. Attention to a thousand minor details like these makes for a better car overall.

What's a minor detail, for example?

Brockhaus: Well, a nice little detail was the radio speakers. As an option, we developed a new radio installation that achieves a real high fidelity sound with excellent frequency response over the entire audible audio range. I doubt that many of your readers would find this important. But it mattered a great deal to us because it was an interesting challenge.

Is everything in the car brand new?

Brockhaus: No, no. We continue to use front-wheel drive, as we have for over forty years. Front-wheel drive gives excellent tracking stability in rain, ice and snow. You really should try the Audi 5000 in bad weather; you will be pleased with how it feels.

Do you think there's a better car?

Brockhaus: You can't ask the question in this form. There are cars that cost \$48,000. They may well be "better," but are they realistically what one needs in normal driving situations? I don't think so.

What about cars twice as expensive as the Audi 5000?

Brockhaus: You have to ask yourself whether they can have double the worth. The Audi 5000 costs about \$8,500* in America and it's the largest German car you can buy for the money. As a matter of fact, some of my colleagues thought a much higher price would have been justified.

Then why would someone pay up to twice as much for another car?

Brockhaus: That's a very good question. Until now, if they wanted a large German car like the Audi 5000, perhaps they had to pay double. Come to think of it, they still can. But now there's a choice so we've solved that problem too.

*Suggested 1978 retail price \$8450, P.O.E., transp. local taxes, and dealer delivery charges, additional.

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Letters

edent and attended a state dinner in Saudi Arabia—although they sat in a separate room. In fact, a dinner in honor of Mrs. Carter attended by a diverse group of Saudi Arabian and American women, was held at a different time and at a different place and was never planned to be part of the wedding-state dinner or the official ceremony. This was a social occasion.

Mary McCormack
 U.S. Secretary of Defense, Carter
 Administration

Washington, D.C.

Music-Hall Musings

Bravo and extra! And over on the Rock Wall and his "Save the Music Hall" campaign (Jan. 16), I'm with him. Radio City Music Hall is as American as hot dogs and Mom's apple pie, and anything that sounds like it should be done.

Thomas Howe
 Titusville, Fla.

■ I wish that New Yorkers would realize that even the blindest piece of New York is covered throughout the nation. We are the land of your mystery.

St. Louis, Mo.

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Business Week

Trying to outrun currency swings
The multinationals need
new strategies to deal
with heavy earnings losses.

Wohin treiben Dollar und Lira?

Börsen-Zeitung

The Journal of Commerce

Recovery Seen Sparking
Exchange Rate Variability

Forbes

Foreign Woes

Foreign exchange losses are proving
costly for many multinationals.

U.S. companies flee the mark

Fearing a rise in the mark,
treasurers are borrowing
dollars to pay German debt.

Business Week

Le Monde

La Sortie du Serpent pour le Franc

Snake's twists surprises many;
more changes seen likely.

The Money Manager

The New York Times

CURRENCY SWINGS BLUR PROFITS

FASB-8-Catch-22
In the foreign money game,
nearly everyone loses.

Barron's

If you want answers to international money problems before they threaten you, **TELL IT TO THE MARINE**

The problems a corporate treasurer faces in doing business internationally are enough to keep anyone up at night. And part of the problem is that there are no answers that work every day. Rates move, regulations are rewritten, and governments change.

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Marine's International Treasury Management Group of foreign exchange advisors, money market experts, accountants, and economists has 15 proven systems to help you protect earnings per share and cash flow.

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For example, MARINFEX, one of Marine's computer models, lets you precisely calculate the impact of fluctuations on earnings under FASB #8. And our foreign exchange exposure management service helps you define your global exposure and then devise strategies to optimize it, including daily tactical consultations.

What's more, Marine's International Treasury Management Group can help you with day-to-day trading decisions and longer-term hedging, with funds flow, with alternate financing, with short-term money investments, with leading and lagging strategies, with international cash management, with world-wide tax consequences, with currency monitoring, with specific currency studies, and with foreign exchange forecasting.

In short, with all the international money problems that can plague you. Just tell it to the Marine.

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Guess who was just voted the No.1 color picture over America's top five 19" and 25" brands.

Guess again.



You probably don't guess
right the second time either.
So we'll tell you. The winner
was the Sylvania Superset.

That's right. The 19" (diag.)
color Sylvania Superset was
picked No. 1 over RCA, Zenith,
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independent test. In this test,
over a thousand people were
asked to look at six unidentified
1" color pictures side by side.
Then they picked the one with
the best overall picture. And the
clear winner was the
Sylvania Superset!

What's more, in a
separate test of 25
(diag.) color pictures,
the Sylvania Superset
beat Zenith, RCA,
Machavon, Q-Jasar,
and Sears!

Before you buy anything
else, go down to your Sylvania
dealer and check out the color
picture that beat the top five 19"
and the top five 25" brands in
side-by-side comparisons!

SYLVANIA SUPERSET

Side-by-side we beat them all.

SYLVANIA

GE

A \$600,000 Defector

When Chinese Squadron Comdr. Fan Yuan-yen dived away from his unit on a reconnaissance flight over the Taiwan coast last July and landed his MiG-19 at the nearest airfield, he became the first high-ranking Communist airman to defect to Nationalist China since 1965—and perhaps the country's leading celebrity. Since then, he has starred in a TV talk show on life in Red China, given countless interviews and been mobbed by autograph hounds. A civic center in Taipei even put the clothes he was wearing when he defected on display, underwear and all. Well-wishers have showered Fan with expensive gifts, including tailor-made suits and \$5,000 in cash. Not that he lacks for funds; Fan received the long-standing reward offered any defector who delivers a MiG-19 into government hands: \$600,000 in tax-free gold bullion. But, despite the fame and fortune—or perhaps because of it—Fan is having some problems adjusting to his new life.

The 42-year-old defector remains a man of simple tastes. He lives in Spartan quarters at a government hostel, rarely dons a jacket and tie, and watches TV by the hour. Though he likes "Bionic Woman" and "Hawaii Five-O," he finds many

programs "decadent"—particularly musical shows where the singers "wriggle too much." Worst of all, he says, is the emphasis on materialism. "Sometimes I wonder if Taiwan hasn't adopted too many things from the West," Fan sighs. He says he would like to give up what he now considers an embarrassment of riches—the reward is earning \$4,000 a month in interest—but the government won't let him give it back or donate it to charity for fear of what Communist propagandists would make of such a move.

Hands Off: Though Fan insists that he doesn't regret his defection "at all," he worries constantly that the Communists will persecute the wife and three children he left behind. He has written to Secretary of State Cyrus Vance for help in getting them off the mainland, but Vance decided not to intercede. According to one State Department official, he was convinced "that doing so would not achieve the result that Fan desired."

Fan received an air force commission shortly after his arrival, but has never flown a Taiwanese plane and he is not likely to get the chance. The government



Melinda Liu

Fan and Taiwan fans: Embarrassment of riches



UPI

points out that he is unfamiliar with Taiwan's advanced, American-designed aircraft and, in any case, he has a full schedule of interviews and lectures. But seasoned observers in Taiwan speculate that the government is actually afraid that Fan might be captured—or redefect to Red China.

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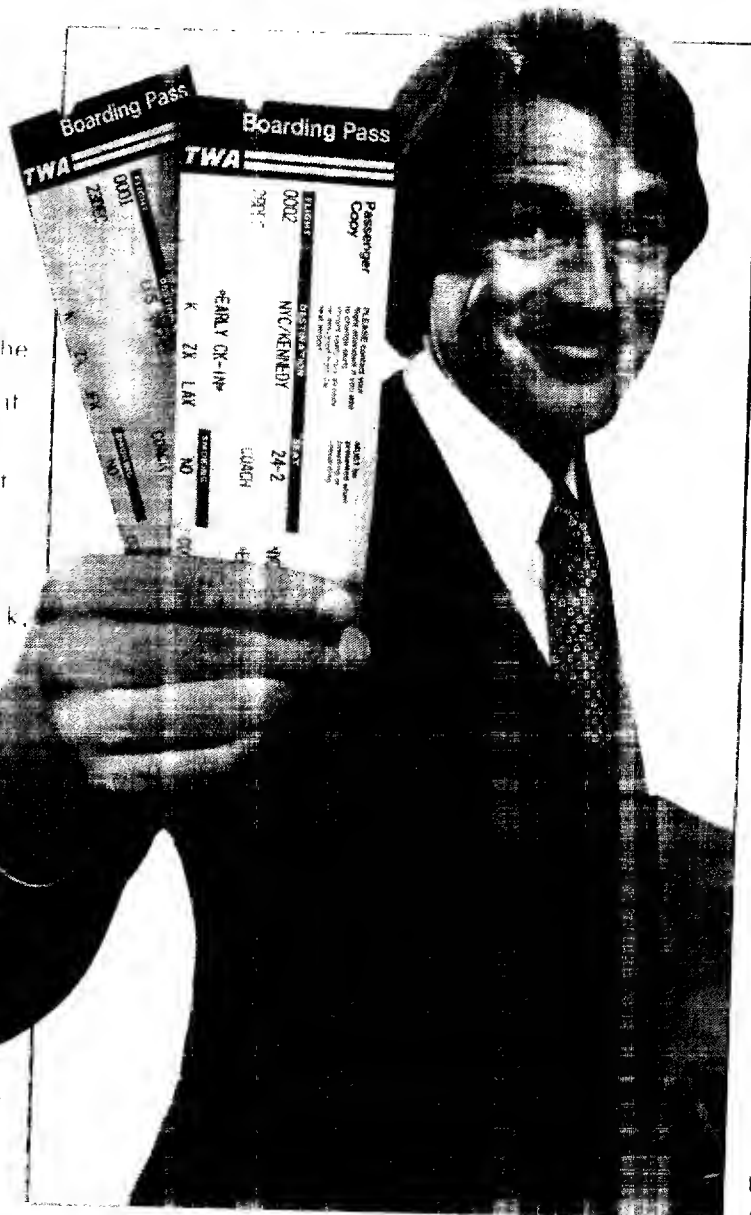
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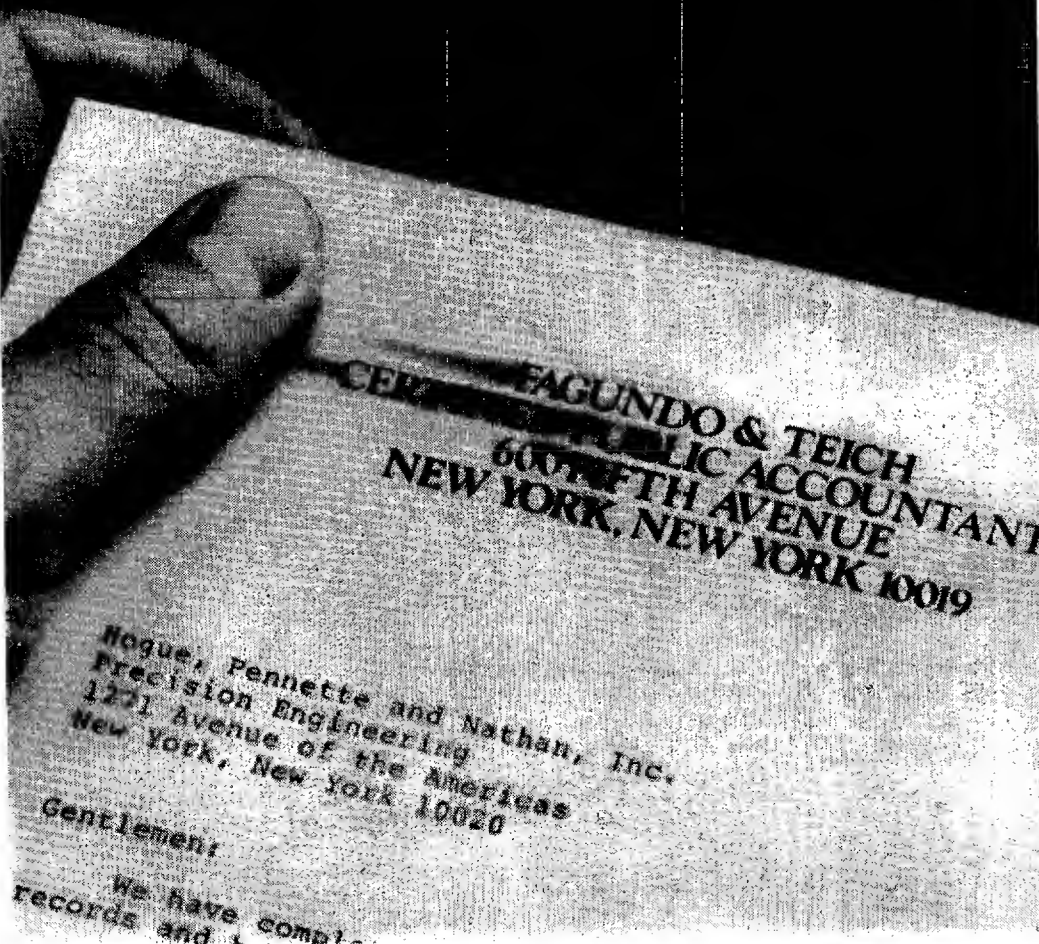
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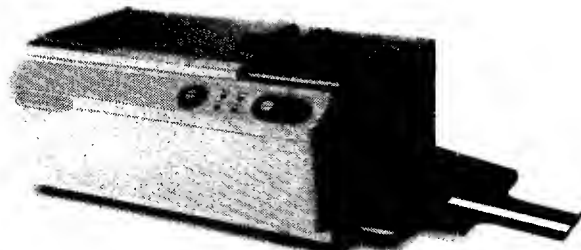
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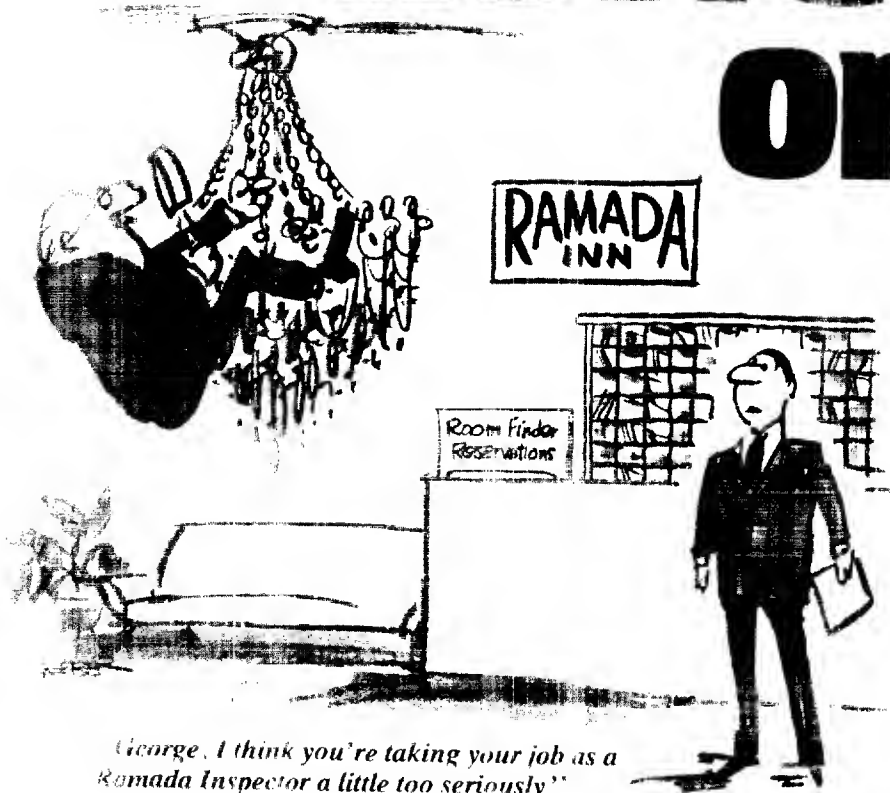
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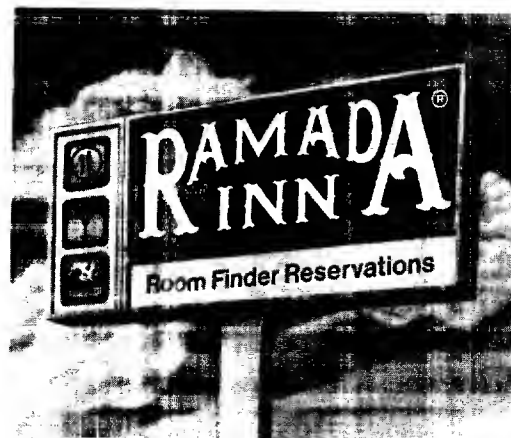
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Michael S. Kramer, M.D.



The Risks of Health

Beware: living may be hazardous to your health. Each of us every day exposes himself to countless risks to his health—some known, many suspected, and innumerable others yet to be uncovered. The cigarettes we smoke, the alcohol we drink, the diet we eat, the automobiles we drive, perhaps even the air we breathe may represent substantial health risks. Most of us are aware of these risks and yet few of us actually stop smoking or drinking, stay off the highways, or lose weight. Not even the most health-conscious among us has decided to stop breathing.

Is this the expression of some subliminal death wish? Perhaps, but it is probably safe to say that for most people who engage in risk-taking, there are benefits that seem to outweigh the risks. These benefits may consist of nothing more nor less than the satisfaction of some basic urge, but I suspect that we can no more eliminate smoking, drinking or gluttony by appealing to a desire for "good health" than we can eliminate lust by declaring sex immoral.

NAIVE BELIEFS

One of the unfortunate by-products of the biomedical advances of the past century, which have enabled the prevention and cure of so many infectious diseases, is the widespread belief that the cause and treatments of most illnesses are known. The naïveté behind this belief can be excused more easily than the notion that when the causes are avoidable they will be avoided, and that when treatments are available they will be sought. Amputation may be the most effective treatment for a hangnail, but most of us would prefer the disease to the cure. The data on the risks of birth-control pills are conflicting and controversial, but those of pregnancy are less so. Many women knowingly expose themselves to completely avoidable potential risks on the Pill rather than to the considerably less avoidable and statistically more likely risks of an unwanted pregnancy. I have a number of thoughtful physician colleagues who have decided that, at least for them, smoking is preferable to not smoking. As smokers who have tried to stop smoking can doubtless attest, quitting carries its own substantial risks.

Society does, of course, put in its 2 cents' worth. Not only must the smoker

or heavy eater suffer the slings and arrows of outrageous fortune by ignoring the presumed risks, but he must also endure the guilt inflicted by the insufferable evangelists of the Temple of Health. This may represent the modern-day American equivalent of Calvinism, whereby the elite are identified by such good works as jogging, eating foods high in polyunsaturates and a penchant for launching into diatribes at the first hint of cigarette smoke in the air. Just as the original Calvinists were able to convince themselves that they were among "the chosen," we delude ourselves that we really can control our medical fates, that if only we are careful about how we eat, drink, breathe and exercise, we will all live longer, happier lives.

And now, defying the lessons of history, we have decided to mix politics with our religion. With the current cancer phobia, we have entered a new era of McCarthyism. Instead of Communists behind every bush, we now have carcinogens in every breath, sip or bite. Pretending to an expertise far more extensive than our current fund of knowledge dictates we should, we as a nation have declared war on cancer. I will guess that this holy crusade will be as ill-fated as our previous war on crime and war on poverty, because cancer, like crime and poverty, is an enormously complex problem (or, more likely, collection of problems), not admitting of easy conquest despite the noblest intentions, the brightest minds and the largest research budgets.

A WAR ON COMMON SENSE

The danger of the war on cancer is that it is threatening to become a war on common sense. The proposed ban on saccharin will almost certainly adversely affect the health, and perhaps even shorten the lives, of diabetics, to say nothing of the potential increase in obesity in the rest of the population. The fact that all that sugar and all those calories may represent a substantially greater risk to health in terms of diabetes, cardiovascular disease and tooth decay does not even appear to have been contemplated by our valiant cancer vigilantes.

This may all sound a bit strange coming from a physician. To some it may even smack of therapeutic nihilism, but that is not my intention. It does not seem inconsistent with the role of a physician to advocate proved therapies, proved

preventive measures and vigorous research in questions where proof is lacking. A plea for common sense, yes; for skepticism, perhaps; but for nihilism, definitely not.

We cannot prevent the common cold by taking vitamin C or dressing warmly, and we cannot prevent mental illness by avoiding food additives. We can probably do better with heart disease, emphysema and lung cancer. And there are, of course, known poisons, infectious agents and carcinogens that can and should be avoided. The argument here is that we acknowledge our ignorance and stop acting as if we know more than we do. We are all victimized by unknown causes, by fate and even by ordinary bad luck.

INDIVIDUAL CHOICES

Some individuals will be reluctant to give up this cherished notion of control over illness and health and will choose to mold their life-styles *as if* the control indeed were theirs. That is their choice.

What we must not allow is for society to make these choices for individuals. There are some risks, of course, that if incurred by one person may endanger others, and society must continue to protect those not wishing to so endanger themselves. We should continue our attempts to reduce air and water pollution, prevent drunken driving, remove known industrial hazards and perhaps even curb cigarette smoking in public places. But outlawing cigarettes and banning saccharin are not the answers.

As a society we must support research, disseminate knowledge and protect those who wish to remain unexposed to known risks. But we cannot and should not presume to be able to calculate the risk-benefit ratio for each member of our society. People will always be willing to risk harm in some ways to gain advantage or avoid harm in others. Icarus, duly warned by his father about the danger of the sun's heat, but feeling the exultation of flight, chose to ignore the risks and suffered the consequences. We must always remember that some people will prefer to fly close to the sun.

Kramer is a pediatrician at the Yale University School of Medicine.



There are some workers Workers' Compensation doesn't compensate.

When your workers have an accident,
Workers' Compensation pays.

When your machines are stopped
by an accident, you pay.

A machine jams. A tool slips. A cable
snaps. Someone trips. The list is deadly.
Because someone can lose a finger. Or an eye.
Or an arm. Or a life.

Of course, an insurance company pays
the victim or the victim's family. And that's all
that matters, right?

Wrong. Just because your employee is
covered doesn't mean your business is
covered. You see, the cost of an accident to its
victim can be terrible. That's obvious. But the
cost to your company and its customers is not
so obvious. Because these costs are hidden,
and they can be devastating.

These invisible costs involve damage
to machinery. The repair and replacement of
parts. Downtime. The disruption of the work
of all employees who are near the scene of
the accident. The general reluctance to return
to work until safety is assured. And the loss of
a highly skilled and expensively
trained worker.

It is conceivable that a small scratch to
an employee's finger could cost his employer
\$10,000. Or even more. How? The employee
prevents a serious injury to himself by jamming
the machine with his wrench. That leaves his
hand in working order, but the cost of getting
the machine back in working order is
considerable.

Where does it end? The insurance
industry believes that it should end where it
starts. By preventing on the job accidents in
the first place.

Our industry believes in the
development and strict enforcement of
standards that reduce risks. That machinery,
buildings, products, and work habits be
analyzed, and that safeguards be instituted.

Insurance companies actually offer the
services of risk managers and loss prevention
experts who can demonstrate the imaginative
ways in which accidents can be prevented.

In the long run, our point of view saves.
Money. Dignity. And lives.

If you think you're secure just because
you have your employees protected by
insurance, you'd better think again. Someone
else's slip-up could cost you an arm and a leg.



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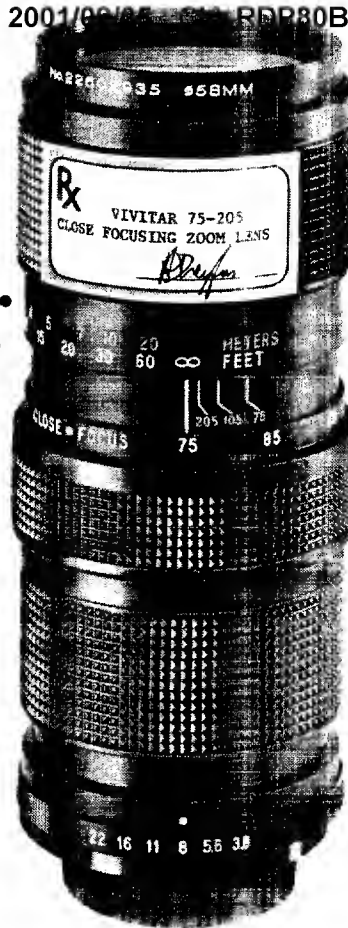
Utica Mutual Insurance Company/Graphic Arts Mutual Insurance Company, Principal Office: Utica, New York

Cures photographer's itch.

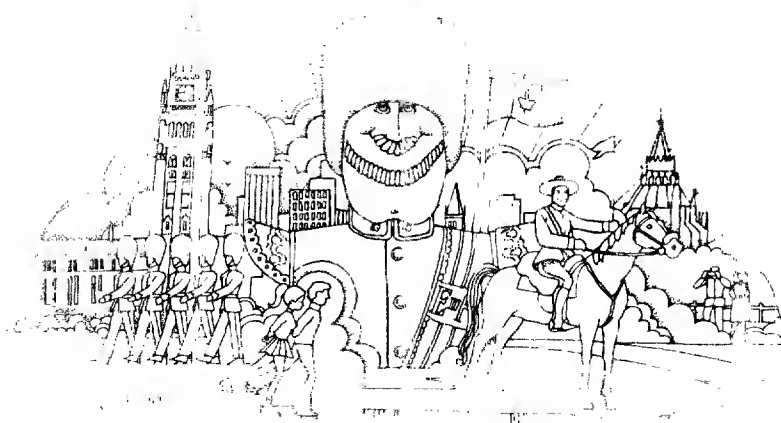
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Vivitar



THIS WEEKEND INSTEAD OF BACKGAMMON WITH THE BERKLEYS...



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Canada
SO MUCH TO GO FOR

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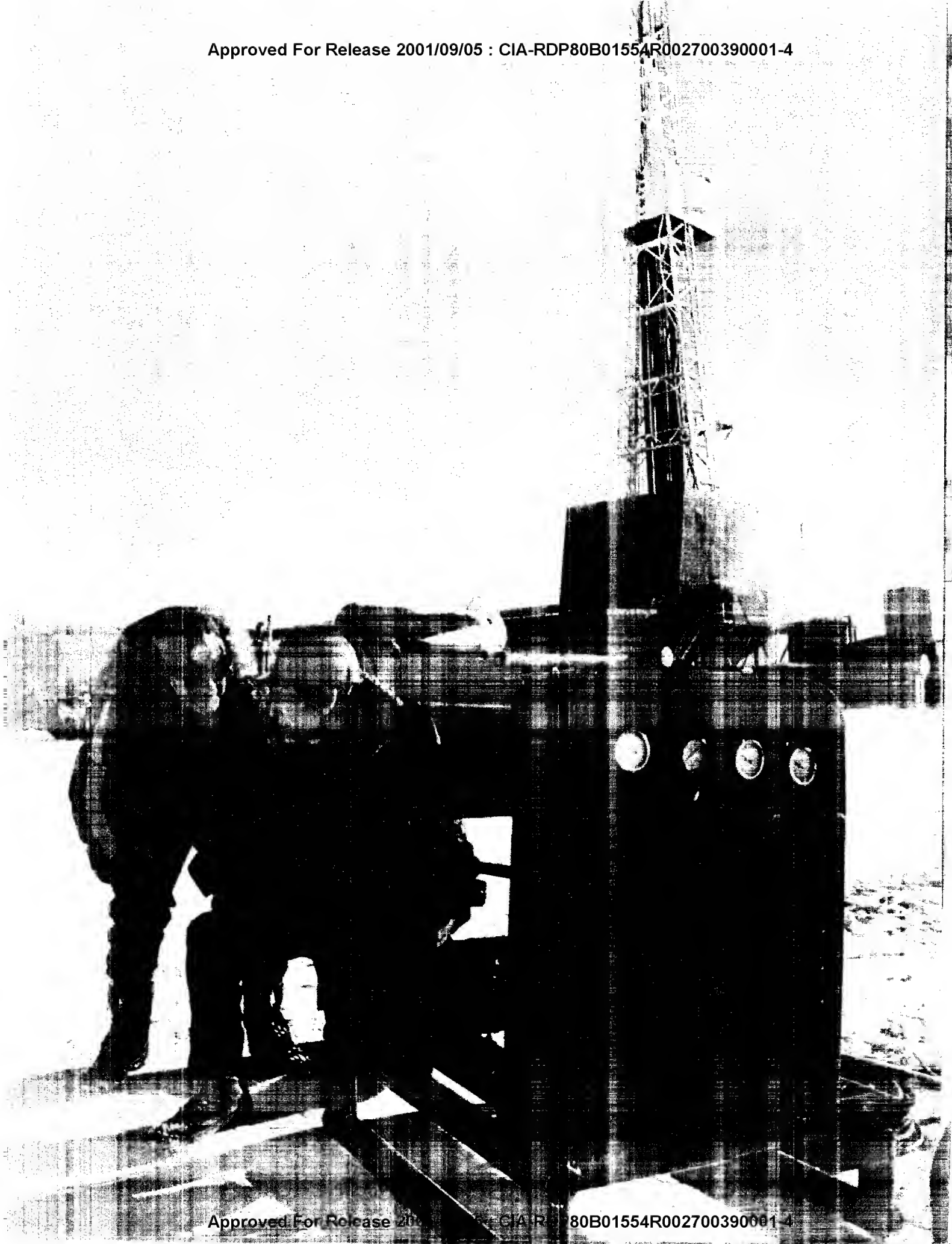
Look, there are a lot of airlines out there you could fly besides Eastern. So if we want you to fly Eastern all the time, and we do, we have to earn our wings every day.

Every day. On the phone. At the airport. On the plane.

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EASTERN
THE WINGS OF MAN



"It's 52° below zero up here, but, crazy as it sounds, we need this machine to keep the ground frozen."

"When you drill for gas north of the Arctic Circle, the way we're doing here at Canada's Mackenzie Delta, you expect a lot of problems," says Bob Toole, drilling superintendent for Gulf.

"But this one's a real fooler. It's a freezing unit. Even at 52° below zero, we need it to keep the ground around the wellhead frozen.

Hot mud

"The problem is that when the drilling mud

comes up from the bottom of the hole, maybe a mile down, it's hot enough to melt the permafrost that's holding up the whole rig.

"If the permafrost melted, the hole would get bigger and bigger, and the operation would have to come to a halt.

Frozen pipes

"Our freezer keeps the top thirty feet of the casing around the drill

pipe at temperatures below freezing, so that doesn't happen.

"This country is probably one of the toughest spots on earth to drill for natural gas. But we're drilling the wells. We're meeting the challenge."



**Gulf people:
meeting the challenge.**

"At temperatures as low as this, you have to invent new ways to do almost everything."

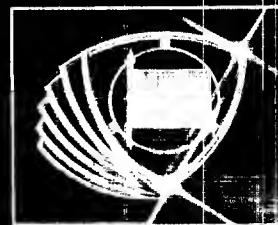
Left to right: Bob Toole,
roustabout Jacob Kuhoktak,
and the freezer.



Gulf Oil Corporation

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Newsweek, February 6, 1978

JORDAN ROLLS ON

Because of his distaste for a palace guard, Jimmy Carter has rejected advice from Bert Lance and domestic adviser Stuart Eizenstat, among others, who want him to name a chief of staff and thus bring order to an often disorganized White House. But Carter took his own approach last week by quietly increasing the authority of Hamilton Jordan, his No. 1 aide. Besides being put in charge of political and policy coordination, Jordan will now hold meetings of the senior staff as well as a "senior senior staff" of himself, Jody Powell and three other topsiders. Jordan will also sit in on the Friday-morning foreign-policy breakfasts now attended by Carter, Walter Mondale, Cyrus Vance and Zbigniew Brzezinski.



Wally McNamée—Newsweek

*Jordan: More clout than ever***BELL TAKES THE RAP**

Attorney General Griffin Bell seriously considered resigning over the case of David Marston, the Republican U.S. attorney whose ouster from his Philadelphia post caused some sharp criticism of the Carter Administration. Though he doesn't think there was anything improper or unethical about his dismissal of Marston, Bell concedes that it was handled clumsily—and thus was a source of embarrassment to the White House. Bell didn't offer his resignation (which Jimmy Carter wouldn't have accepted anyway), but he assumed full blame for the Marston affair at a Cabinet meeting, apologizing to the President and explaining that his Justice Department staffers hadn't kept him adequately informed on the matter.



Paul S. Conklin

*Bell: An apology for Carter***WAS OSWALD A SPY?**

Investigative author Edward Jay Epstein's forthcoming book, "Legend: The Secret World of Lee Harvey Oswald," will make news by suggesting that Oswald was once a Soviet spy, and that the FBI and the CIA have tried to suppress this information for years. Contrary to a published report, Epstein's book doesn't claim that Jack Ruby is still alive, nor



AP

Oswald: Charges of a cover-up

does it offer any new assassination theory. Epstein believes that Oswald killed President Kennedy, but doesn't know the motive. Despite Oswald's Russian link, Epstein doesn't think he carried out the assassination on Soviet orders.

MEXICAN EXODUS

The U.S. plans to add nearly 300 guards to its Mexican border patrol to help control a burgeoning influx of illegal aliens. Even with the additional guards, about 1.5 million Mexicans are expected to slip into the U.S. in 1978, as against 500,000 to 800,000 border jumpers in recent years. More Mexicans are leaving because of their country's continuing economic slump, which is now so severe that half the work force is either unemployed or reduced to part-time jobs.

A DOVE IN THE KREMLIN

The cause of world peace gets a lift from Leonid Brezhnev in a memoir about to be published in Novy Mir, a Soviet literary magazine. The Communist boss contributes some reminiscences of World War II, from which he emerged as a decorated general after four years on the front. Brezhnev writes: "If I were asked today what is my main conclusion after passing through the war from its first day to the last day, I would say, 'There should be no war again. War should never occur again'."

JIMMY'S PANAMA STOP

If the Senate ratifies them in time, Jimmy Carter may deliver the Panama Canal treaties in person by adding a Panama stop to his swing through Africa and Latin America in late March and early April. Such a visit would cap the President's goodwill tour—and give him his first look at the canal, which has become a favorite subject for Carter lately. He stayed up until 4 o'clock one morning reading "The Path Between the Seas," David McCullough's book on the Big Ditch.

—BILL ROEDER with bureau reports

THE SOVIET SATELLITE
BREAKS UP AND BURNS AS IT
RE-ENTERS EARTH'S ATMOSPHERE

CLOSE CALL

Dawn had not yet broken when two Canadian Mounties braked their patrol car to a sudden halt in the wintry foothills of the Northwest Territories. They stared as a brilliant light streaked across the night sky. "It was like something out of Superman," says Sgt. Dan McLeod. "You know, like a bird, it's a plane, not a satellite." "Whatever," the blazing mass of fire was all that remained of Cosmos 954, a defective Russian spy satellite with a potentially deadly nuclear reactor—*that* dropped out of orbit and broke apart in the atmosphere, plunging fissionable fragments of north-
polar plutonia. It was the first real danger the world has encountered from the host of satellites launched during the twenty-first century, and the incident touched a nerve of concern about man-made debris return from outer space.
Preliminary findings from airborne probes suggested that some radioactive material from Cosmos 954 had hit the ground, but by the weekend there was no firm confirmation. Still, the unexpected malfunctioning of a satellite, and the resulting headlines of the episode by the *Front* and *Moscow*, raised some big questions. Enough so that U.S. officials praised the Kremlin for its cooperation in allowing the Soviets to land and recover the wreckage of Cosmos's probe.
The Carter Administration's

decision not to tell the public about the satellite's inevitable re-entry may well have forestalled unnecessary panic, but also stirred a few complaints. "The people are at some risk, however small," maintained Henry Kendall, professor of physics at Massachusetts Institute of Technology. "We need complete reassurance of what's up there—anytime there's a sign of trouble." It was mainly a matter of 20 fortune that Cosmos 954 was recovered in an uninhabited wilderness, and for more the close call only highlighted the danger of a similar, unrecovered satellite crashing in a populated area.

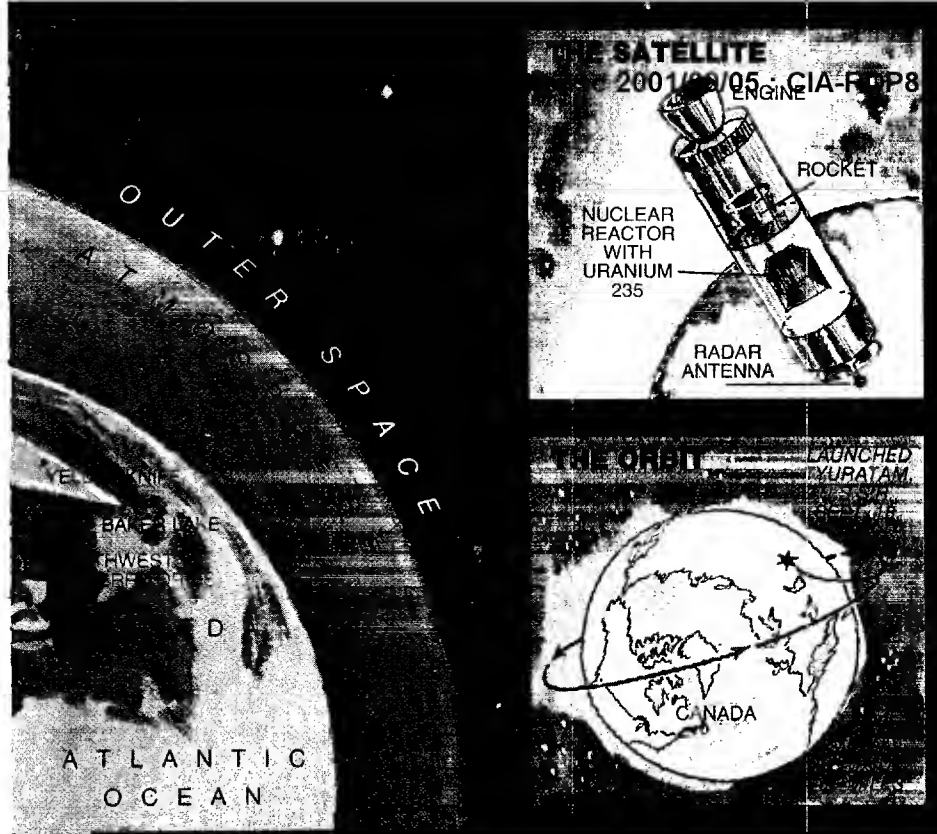
The Soviets sent Cosmos 954 into orbit last September to monitor the movements of U.S. warships; it was one of a series of spy satellites that both superpowers have put aloft. The 46-ton-long, 8,000-pound satellite carried 100 pounds of enriched uranium to power its high-resolution espionage equipment, and from the moment of its launch, the North American Air Defense Command (box, page 16) tracked its movements. In November, NORAD re-

ceived a loss of speed and altitude, but American officials feared that the Soviets would follow their past practice and fire the nuclear power cell into a higher orbit where it could safely remain for 600 to 1,000 years. That effort, apparently, failed, and as the orbit of Cosmos 954 grew more erratic in early January, the U.S. assembled a task force to cope with its imminent and dangerous re-entry.

President Carter's national security adviser, Zbigniew Brzezinski, called in Soviet Ambassador Anatoly Dobrynin to ask what equipment the satellite was carrying. Dobrynin's responses were somewhat reassuring, but

Sgt. Andrew Driscoll, a 14-year-old Air Force cadet, was the first to track the satellite's re-entry, a school project. Driscoll spotted Cosmos 954 and its debris, which would eventually crash to earth.

Survival gear to battle danger from outer space



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 mission team was sent out to track the remains of Cosmos 954—and to determine whether the disintegrating satellite had scattered radioactive debris during its descent. "Operation Morning Light," directed from Edmonton in the province of Alberta, covered 15,000 square miles. A 22-member Canadian Nuclear Accident Response Team patrolled Yellowknife with Geiger counters but picked up no traces of radioactivity. Two high-flying American U-2 jets checked the upper atmosphere for radiation clouds. And four Canadian C-130 Hercules planes crisscrossed the desolate landscape day and night measuring radiation levels.

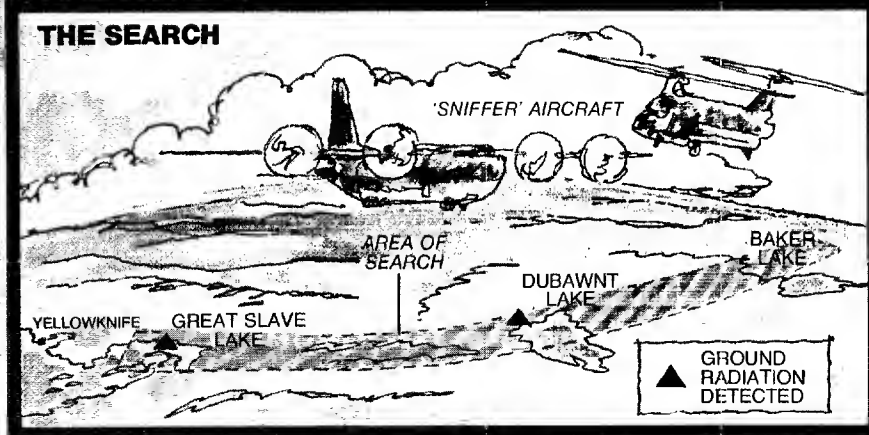
TRACES OF RADIATION

Mostly, they found pockets of low-grade radiation—what would be expected from uranium deposits in the earth. On one airborne sweep, detection equipment appeared to pick up traces of powerful radiation, and Canadian Defense Minister Barnett Danson announced that the search had turned up "either a piece of debris or the greatest uranium mine in the world." The next day, Canadian officials reported that it was a false alarm—a case of "equipment failure." But the day after that, U.S. officials said the equipment was functioning perfectly. "Something hit the ground that was radioactive," insisted William Nelson, a U.S. Department of Energy scientist. "Pieces of that satellite *did* impact the earth."

Amid all the confusion, the search went on. "Sniffer" aircraft hunted for signs of radioactivity. NEWSWEEK's Dewey Gram went along on one flight. His report:

Mission Ten—Special Flight 6763—took off at 10:25 at night and took us into the most desolate landscape I've ever laid eyes on. We shared the airplane with two massive turquoise boxes: 1,300-pound gamma-ray spectrometers. Two Canadian geophysicists tended the machines while the pilot and co-pilot maneuvered over their designated search area. "We're right on track," Serge Cothe, the co-pilot, noted breezily. "Yeah, take her right down to 30 feet," joked pilot John Oliver. We didn't do that, but on our seventeenth and final sweep, the turquoise boxes picked up a trace of gamma rays. "This area is fairly hot," said Peter Holman, one of the geophysicists. But when asked if that meant he had located debris from Cosmos 954, Holman replied: "I don't know. But it's worth looking at."

While the search continued, earlier decisions not to alert the public to Cosmos 954's impending disintegration stirred a flurry of reproachful protests. WHY WEREN'T WE TOLD? blared a page-one headline in the Edmonton Journal, and Bernice Thompson, from nearby Barrhead, insisted: "I would like to know if there is a satellite in the vicinity of my home." But U.S. officials stoutly



not fully satisfactory," Brzezinski said. The White House prodded the Kremlin for more information and concurrently debated whom to notify about Cosmos 954's impending crash. The initial decision was to alert only the leaders of nations that would help track the satellite, but that was later broadened to include the NATO governments, Japan, Australia and New Zealand. There was never any inclination to notify the public generally. "We were trying to head off a re-creation of Mercury Theater," an Administration official explained—recalling Orson Welles's 1938 "War of the Worlds" radio broadcast that triggered panic with its fictional account of a Martian landing.

'NOT A NUCLEAR BOMB'

On Jan. 19, Dobrynin told Brzezinski what the U.S. wanted to hear: Cosmos 954's nuclear-power plant was designed so that it would not explode on re-entry into the earth's atmosphere. "He wanted it understood that the Russians were not orbiting a nuclear bomb," said a State

Department official. For four more days, the U.S. tracked the renegade satellite, and when it finally began to plunge down from space, the Administration put its emergency teams on what one official called "instant alert."

When Cosmos 954 re-entered the atmosphere over Canada's Queen Charlotte Island, the mobilization orders were issued, Brzezinski telephoned (and awakened) Dobrynin and Jimmy Carter telephoned Canadian Prime Minister Pierre Trudeau to offer U.S. help in locating the wreckage. In the remote Northwest Territories, a handful of Canadians witnessed the satellite's blazing descent. "I looked through the window and saw this object coming toward me," recalled Marie Ruman of Yellowknife (population: 6,000). "The main part was like a bright fluorescent light. There were lots of small parts trailing behind it. The pieces were bigger than shooting stars, and each had a long bright tail. None of it made a sound."

More than 100 nuclear scientists, tech-

OUR EYE ON THE SKY

Isolated from the rest of the world beneath 1,450 feet of granite, the North American Air Defense Command's Space Defense Center in Cheyenne Mountain, near Colorado Springs, Colo., maintains an unblinking watch on activities in space. Whenever a piece of hardware goes up, changes its orbit or threatens to fall back to earth, the event is quickly recorded on television-like consoles and large display boards in the 30-foot-square room that is at the heart of the tracking operation.

The underground center gets its information from a variety of overt and clandestine sources. Eavesdropping devices—among them radio, radar and sensors that measure seismic disturbances and changes in atmospheric pressure—ring the Soviet Union to keep U.S. experts constantly in touch with proceedings at the Soviet launch sites of Tyuratam, Kapustin Yar and Plesetsk. Once a space probe or missile leaves the launch pad, NORAD's

own surveillance system, which consists of 30 stations using radar, sophisticated astronomical photography, takes over the task of tracking.

Space Traffic: The tracking stations have a huge amount of traffic to monitor. Since Sputnik I soared into orbit on Oct. 4, 1957, eight nations have lofted more than 10,600 objects in space, and 4,545 pieces of hardware are still aloft. They range from orbit junk, such as spent rocket casings, to the most modern space technology including the Salvut 6 station now occupied by Soviet cosmonauts Yuri B. Marenko and Georgi G. Shchuk. The longest-lived occupant of outer space is the 3-pound Vanguard I satellite launched by the U.S. in March 1955. The most recent entry, Cosmos 986, reconnaissance satellite sent up by the Russians as Cosmos 954, was flying.

This heavy traffic makes it impossible for NORAD to keep a continuous watch on each object. Instead, the Colorado Springs center relies main-

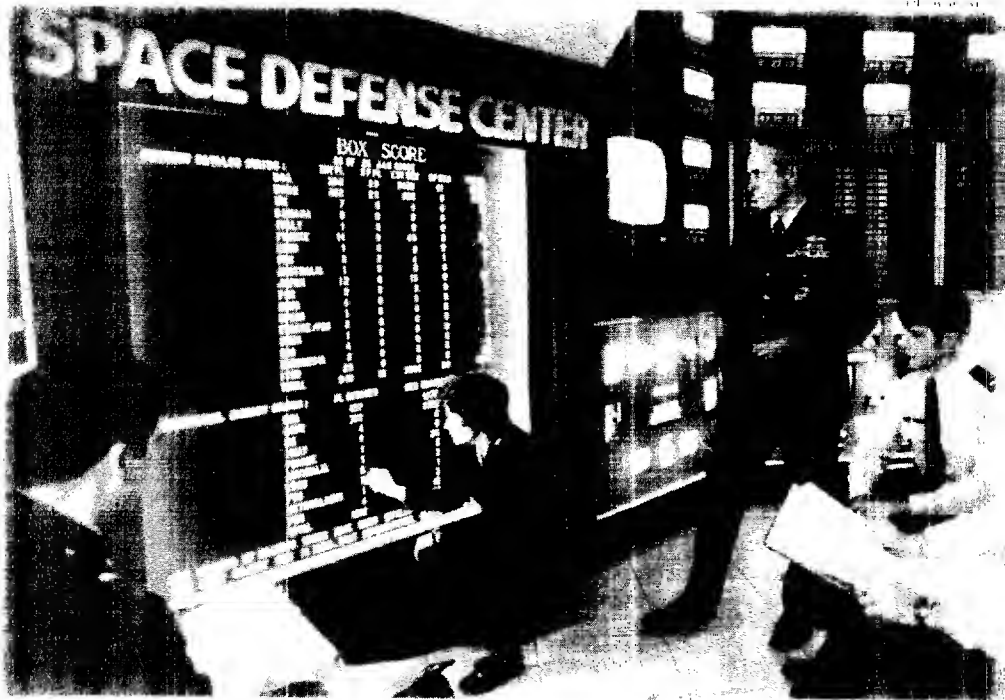
ly on computer projections of their orbits. As soon as NORAD experts receive word of a launch, they log the new spacecraft into their computers. Further tracking data enable the machines to calculate the vehicle's trajectory. And if the craft is in a relatively low orbit, the system produces an "impact forecast"—a rough indication of where and when the hardware might re-enter the atmosphere.

The orbital calculations—although not the impact forecasts—are accurate to within seconds. Thus NORAD seldom bothers to recheck the actual positions of high-flying pieces of space junk that have no strategic significance. However, low-altitude vehicles, whose lifetimes in space are plainly limited, are monitored frequently; and satellites that NORAD deems to be of particular significance—such as Cosmos 954—are tracked by the surveillance network as often as once a day. NORAD analysts try to identify the purpose of such "satellites of interest" by comparing their orbits with those of previously identified craft. In this way, soon after its launching, Cosmos 954 was tabbed as a spy satellite that contained a nuclear reactor. And the fact that, unlike its three immediate predecessors, the reactor had not separated and been fired into a higher orbit by three weeks after the launch confirmed previous reports that the craft was in trouble.

Rescue: What is the risk of a replay of the Cosmos crisis? Very small, say NORAD analysts. For although twenty satellites with radioactive power units remain aloft, including eleven similar to Cosmos 954, all are flying at such high altitudes that they won't start to fall to earth for hundreds of years. By the time they begin their descents, scientists insist space shuttles will be available to pluck the faltering craft out of the sky and carry them harmlessly back to the earth.

PETER GWYNNE with EVERT CLARK in Washington

NORAD center: How much risk of a replay of the Cosmos accident?



ly identify the source. "We discussed how to 'go public' at almost every meeting," said a member of the Cosmos agency team. "And at each one, we unanimously came to the same conclusion: publicizing it would just make everybody hysterical for little reason." The nation's reasoning was simple: There was no telling where the vehicle would come down, there was thought to be a chance it might crash near a populated area, and there was every possibility it would fall up before any-

one—so why spread unnecessary alarm? Still, the fact that a Russian satellite containing a nuclear reactor could plummet back to earth kindled widespread concern. "The worst case this is just knowing it can occur," said B. Richardson, a retired postal worker in San Francisco. "It makes you realize it could happen anywhere—even here. In France, the government ordered 100,000 military forces, police and firemen on four-day secret alert. The Japanese government proposed that nuclear reactors

be prohibited on all future satellites, and Carter said that the U.S. would seek new agreements with the Soviet Union to reduce the danger of future space accidents.

The U.S., in turn, had no contingency plan for dealing with the plunge of a renegade satellite or other object from space. But, said National Security Council adviser Benjamin Huberman, who chaired the Cosmos crisis team, "my standing committee is still standing." He added that the group might stay in existence "for some time"—to clear up the diplomatic and political fallout from last week's close encounter.

RICHARD STEELE with EVERT CLARK and LARS-ERIK NELSON in Washington, DEWEY GRAM in Edmonton and ANDREW SZENDE in Ottawa



Wally McNamee—Newsweek



The CIA: How

The spy named Hook slumped into an overstuffed chair in the old Mamounia Hotel in Marrakech to wait for his contact—and think things through. His best Arab sources seemed to be ducking him these days. Even the British weren't talking to him more than they had to—not that the bloody Brits had much to say anyway. Back home, the President and Congress were watching the CIA more closely than ever before. Young guys were getting out of The Company and heading for fat advances from publishers in New York. Old guys, his friends, were getting pink slips right and left. And they said the new director seemed to trust electronic gadgets in the sky more than men who knew how to keep an ear to the ground. "How the hell are we gonna stay ahead of the KGB?" Hook thought. He waited, but his man didn't show up. Strike three. Finally he got up, walked slowly back to the station, filed yet another no-news-is-good-news report to Langley—and started thinking about his wretched pension.



Turner meets with top aides at Langley: The

Hook is a fiction, but his problems are very real facts of life around The Company these days. "For the first time in my experience the CIA is demoralized," says former Deputy Director E. Henry Knoche, a career man who resigned last summer. Some normally tight-lipped spies now charge angrily that the CIA's director, Adm. Stansfield Turner, is an abrasive martinet who doesn't understand the first thing about spycraft. Others around the agency's Langley, Va., headquarters maintain that squeaky-clean new rules set by Carter and Congress to control the old and often dirty business of espionage are seriously hobbling the CIA's covert operatives, weakening its network of foreign spies and straining its relations with friendly intelligence services. Said one worried spook: "It's a total disaster."

That damage assessment was probably exaggerated, but the deeper issues it raised troubled Carter, Turner and their critics alike. How much harm has three years of unrelenting public exposure of CIA misdeeds and mistakes done to the agency? Has the intelligence community got its sensitive machines and sophisticated staff pulling together or against one another? What can be done to cut deadwood from the CIA? And, most important, how should Carter—or any President—square legitimate needs for espionage and covert capabilities with the country's fundamental democratic values and processes? "We want an accountable structure," Vice President Walter F. Mondale promised recently. And Turner told NEWSWEEK that tighter controls and more coordination around the CIA—and the rest of the nation's supersecret intelligence com-

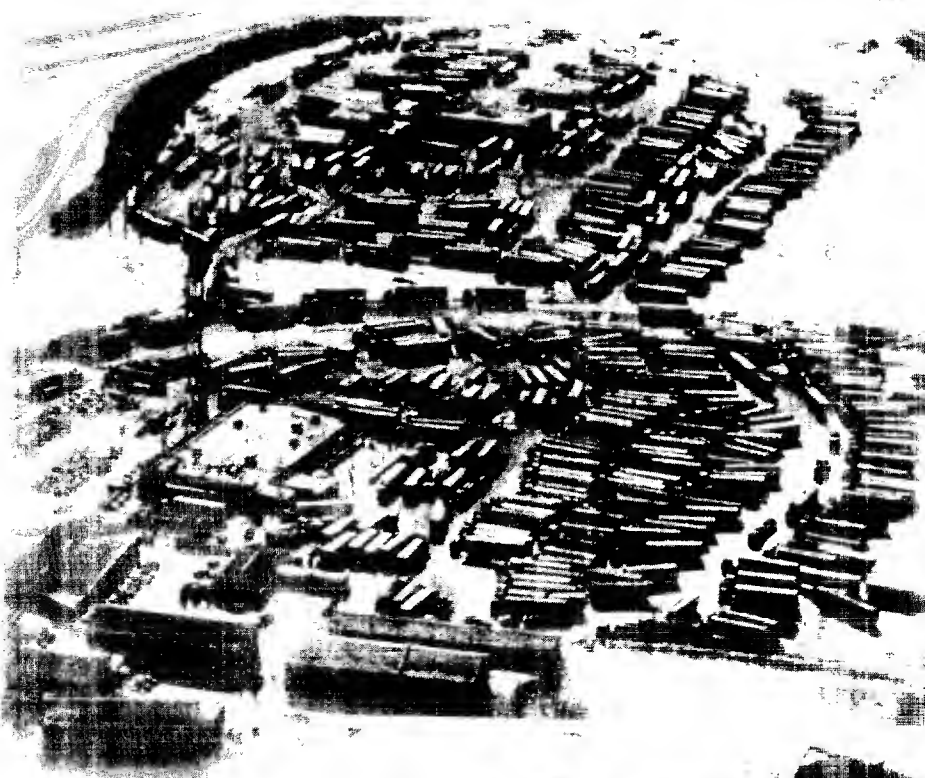
munity—were making things better, not worse. "This place is *producing*," he said (page 29).

Outwardly, at least, there seemed to be ample evidence of that. As usual last week, sophisticated U.S. spy satellites scanned the remote corners of the earth, giant electronic "ears" drew signals and secrets out of the airwaves, computers at CIA headquarters purred and the agency's daily intelligence briefing landed on Jimmy Carter's desk each morning around 8 o'clock—right on time. To give the President a cloak-and-dagger capability, NEWSWEEK learned, keeps in reserve covert operators. And the agency may

On Interstate 57, south of Chicago, police found a young man and woman frozen to death in their snowbound car. In Michigan, the body of an 80-year-old man, clad only in a shirt and snowmobile pants, was discovered in a drift near Lake Pleasant. High winds blew two giant log skidders into the Ohio River near Cincinnati, Ky. And in rural Newcas-

National Weather Service called the 1,000-mile-wide blizzard "one of the most intense on record." Ohio Gov. James A. Rhodes put it more graphically. The storm, he said, was "a killer looking for victims."

The storm was as sudden as it was savage. At 4 a.m. last Thursday in Chicago, the temperature was 43 degrees. Just two hours later it was 15 degrees, winds were gusting at 75 mph and the barometer had sunk to an all-time low of 28.28 inches of mercury. The combination of snow and high winds made visibility zero and sent the wind-chill temperature plunging to -50 degrees.



Truckers take to Illinois, drive to Indiana farm

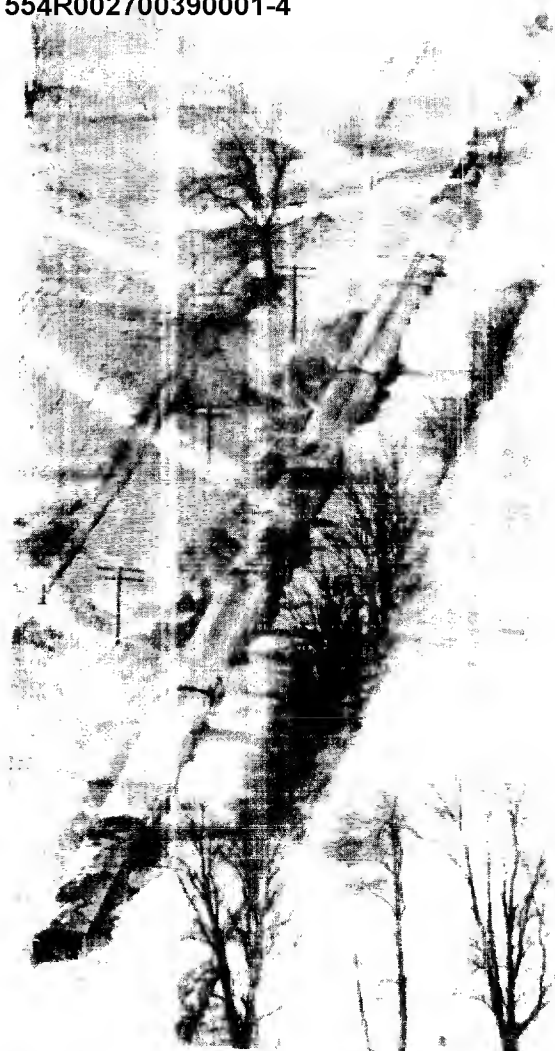
The snow was dead by the time she managed to get outside.

The midtown Midwest was hit by winter storms and snow or heavy rain already had

by this winter than they usually get. Even so, few Midwesterners were prepared for the deadly blizzard that hit their way last week. Heavy snow and 80-mph winds snocked down thousands, stranded thousands in head-on crashes and took more than 70 lives. Gov. James A. Rhodes and Indiana declared a state of emergency. Kentucky already had a record snowfall after a record snowstorm. The



Virtually all state highways in Michigan, Ohio, Indiana and western Kentucky were closed, some of them impassable for stretches up to 300 miles. Chicago's O'Hare Airport, the world's busiest, shut down completely for only the third time in its history. Indiana's roads closed for the first time in 158 years. General Motors, Ford, Chrysler and thousands of other businesses didn't bother to open, and major cities like Cleveland, Detroit and Indianapolis

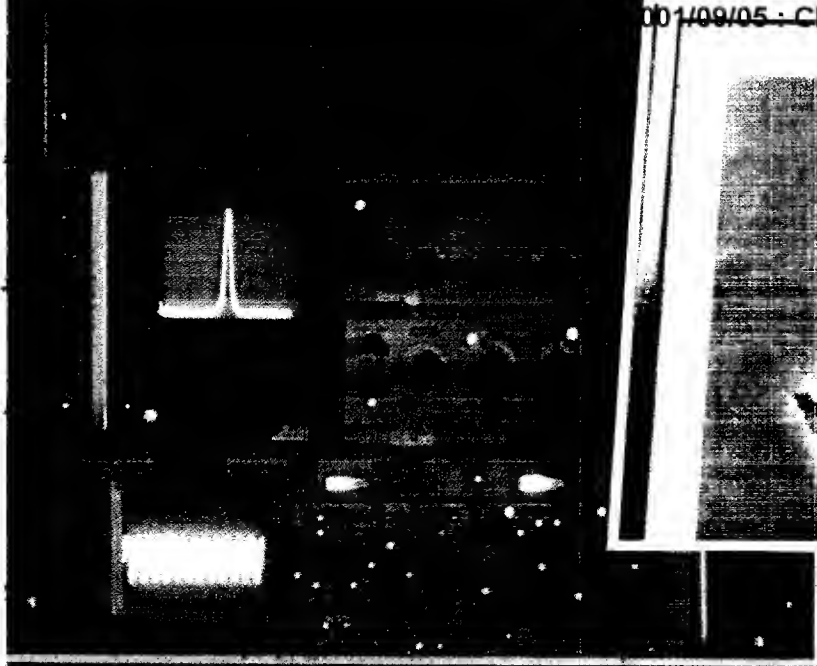


The Floridian: From the trucks

in snowbound regions. "It's like a science fiction movie," said a woman who drops 100 pounds of snow on people and left," said Robert Johnson, Small Business Administration official, stranded in Indiana.

Refugees: State authorities warned people not to leave their homes. If you don't, you'll have to wait for help. The state's traffic chief for the Dodge County, Wis., sheriff's office. You can expect help," they inevitably had to go out. "Inevitably they needed help. Near Ashdale, Ind., volunteers had to dig through drifts "as tall as locomotives" to rescue 60 people on Amtrak's Floridian. The four state called out National Guard units to help victims stranded in their homes without heat (200,000 homes lost power). Guardsmen in Indiana sheltered 1,100 snow refugees in 57 armories around the state, and in Michigan they worked with GPs from the U.S. Army to help rescue 6,000 stranded motorists. Michigan Gov. William G. Milliken also had guardsmen to thank for getting him to work. They came with two wheel-drive trucks and an armored car retriever to see that he made it the 20 miles from his home to the Statehouse.

Susan Frazer with bureau reports



Stanley Tretick—Sygma



Bill Ray

Outsider at the helm: Turner with national security adviser Brzezinski (left) and in his office, CIA equipment analyzing Soviet radar signals

Badly Hurt?



Bill Ray

question was whether the agency needed a clean sweep with a stiff broom

even more secret service despite—indeed, because of—all the recent scrutiny and criticism. “We are dealing with our cover impediments by creating a truly clandestine corps of operations officers,” notes one section of an ambitious five-year plan drafted at Langley last year. “[This will be] an extremely delicate undertaking with many complex operations and support ramifications that will require adroit handling by our most experienced people.”

Both Congress and Carter are casting about for adroit ways of their own to exert more quality control over the CIA’s “product”—a blend of military, economic, political and scientific intelligence that aims to be this nation’s best window on the world. “Their intelligence is

lousy,” says New York Rep. Otis Pike, a critic who believes it costs more than it’s worth. And a top White House strategist concedes that CIA reports are often too tame. “Technologically, we’re awfully good,” says another Presidential confidant. “But when it comes to foreign policy—what other governments think of you, what they think of themselves, what their strategy is and what they think your strategy is—our intelligence is not very good.”

SUPERSPOOK

In the hopes of improving things, the CIA is importing Ambassador to Portugal Frank Carlucci, 47, a tough-minded administrator who ran the Office of Economic Opportunity for Richard Nixon,

as Turner’s top deputy who will take charge of day-to-day operations. And last week, the President signed an Executive order giving CIA boss Turner broader responsibility for the U.S. intelligence “community”—including the Defense Intelligence Agency, National Reconnaissance Office and the electronic wizards of the National Security Agency—a development that may ultimately make Turner the most powerful and controversial superspook since Allen Dulles in the Eisenhower era of cold-war brinkmanship.

Turner steamed into Langley last March under full power and a somewhat vague mission from Carter to take bold action. His credentials looked impressive to liberals and conservatives: Annapolis and Oxford, chief of the Naval War College and a combat command on a frigate off Vietnam. The CIA itself welcomed the admiral, if only as a contrast to Theodore Sorensen, Carter’s first choice for the top intelligence job. The liberal Sorensen dropped out after it developed that he had exploited classified documents in writing his memoirs of the Kennedy years. “When Sorensen lost, everybody was so relieved that they never asked, ‘Who’s Turner?’” said one former agency man—a bit ruefully.

It turned out that the admiral was a salty outsider who made no effort to adapt to the traditional pinstripes and gelignite image of directors like Dulles, Richard Helms and William Colby. Nor did he follow the pattern set by onetime



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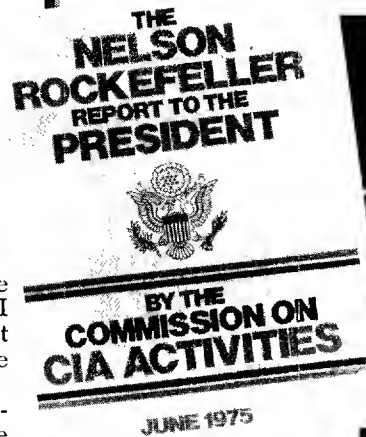
Republican Party chairman George Bush—another outsider who came to Langley with a mandate to shake things up but managed to replace much of the CIA's top management in 1976 without drawing too much blood or ink in the process. "My attitude was I'm going to hunker down," Bush said last week. "This idea of openness—I just don't buy that." Turner seemed more suspicious. "I said to myself: 'I've read about the accusations against the clandestine service,'" he recalled. "I don't believe them all—but I don't know which are fact and which are fiction."

He decided to find out. "The paramount question in his mind—and quite rightly—was 'How do I control the place?'" said former deputy director Knoche. "The trouble was, he allowed this question to exist in his mind for too long." To get the clandestine Directorate of Operations (DDO) in hand, Turner hired Robert D. (Rusty) Williams from Stanford Research Institute to be his freelance investigator. Williams rattled a few skeletons and set quite a few teeth on edge around Langley. To some, he seemed more concerned about investigating booze and sex play than foul play during a tour of CIA stations in Asia. Old hands at headquarters and in the field disliked Williams's aloof moralizing and resented his prying questions. "Having endured the process of external criticism and suspicions since 1975," Knoche said last week, "the CIA and particularly the Deputy Director for Operations found it itself going through it all again—from their own leader. The place buckled."

PINK-SLIP MUTINY

The most crippling blow to the morale of Turner's 15,000 employees has been his method of cutting back the clandestine staff. The operations division had already been whittled down to 4,730 employees from a peak of 8,000 during the Vietnam war, and Turner inherited from the Ford Administration a recommendation to slice another 1,200 to 1,400 officers, virtually all of them at headquarters. He chose to cut only 820, but speeded up the original, six-year timetable. That made it impossible to achieve all the reduction by attrition—and a flurry of pink slips was inevitable.

The firings and the ensuing uproar were the first, outward signs that something was amiss in the CIA. "It was the CIA's first mutiny," recalled one ex-officer last month. Many victims of the firings broke the agency's tradition of silence and went out talking. One fired agent told NEWSWEEK: "To receive the grateful thanks of a grateful government for services rendered—sometimes overseas at great hazard—in the form of a two sentence message, without any recognition of past performance, was insulting and humiliating." Turner argued that he was only being cost-conscious and efficient; he also hoped to spare victims the sus-



Bad press: A critical report, Allende's fall, Vietnam's collapse



pense of wondering whether the ax was going to fall. But when he told NEWSWEEK later: "You really heard them crying, haven't you?" he appeared to some rather like Gen. George Patton slapping combat-fatigued GI's—and apologized in writing to the entire agency.

Even so, the unhappy mess gave the impression that Turner had a short fuse and a hard heart. In a gesture of lese majesty that would have been unthinkable under Dulles or Helms, one mutinous wag posted an "H.M.S. Pinafore" parody called "A Simple Tar's Story" on the CIA's staff bulletin board. Lampooning Turner, it read: "Of intelligence I had so little grip/ that they offered me the Directorship/ with my brass bound head of oak so stout/ I don't have to know what it's all about./ I may run the ship aground if I keep on so/ but I don't care a fig: I'll be the CNO [Chief of Naval Operations]."

When pressed, most intelligence experts conceded that the cuts were needed and that the agency could absorb them. But one unsettling fact remained:

Turner had chosen to cut *only* the clandestine services, leaving the rest of the agency untouched. Some agents wondered whether Turner was something of a stubborn naïf who failed to realize how tough the game against the Russians really was.

THE CLASSIC JOB

To make matters worse, Turner left the impression with many people that he thought he was simply phasing out anachronisms of the sophisticated new technology of intelligence. "There's no technology invented yet that can read minds," snorted one first-rate fieldman in Western Europe last week; he explained that the classic job of the clandestine operative remains indispensable: to cultivate sources and collect "human" intelligence (HUMINT in spookspeak) so political leaders can answer questions like "Who is going to push the button—and when?"

"Intelligence used to be poker—what did the other guys have," reflected one top agency man in Washington. "Now

at chess: we know his pieces and where they are located—we need to know his intentions." Finding them out takes a peculiar breed of person. "They won't say, 'Aye, aye, sir,' and salute Turner," said one retired agent. Even Campbell James, a Company legend in his time, failed to pass muster in Turner's nonsense shop. A distant relative of Teddy Roosevelt, James is American but speaks with a British accent. He wears a chain across his vest with a caviar spoon fixed to one end, a large watch on the other and a tiger tooth dangling in between. "When we got into Laos, he would go right up to a tribal chieftain sitting in a tree hut eating betel nuts and present his card," recalled one old misanthrope last week. "When we went into Laos in 1960, he was the only guy Souvanna Phouma would talk to."

By most rules of thumb, HUMINT accounts for only about 10 per cent of the U.S. intelligence product. And with the Directorate of Operations also being

man led the CIA its first solid report that China was about to set off an atom bomb, thereby scooping the spy satellites and U-2 reconnaissance planes that had been overflying China's nuclear-testing range at Lop Nor for years. The HUMINT man got the story from the foreign minister of a small African nation, who got it from the Russians during a trip to Moscow. "When the information got back to headquarters," one analyst laughed last week, "everyone said, 'What the hell does that guy know about an A-bomb?' But it got to Dean Rusk who used it in a speech—just before the bomb blew."

COVERT ILLUSIONS

In addition to gathering information clandestinely, the CIA's Directorate of Operations has traditionally been responsible for covert operations, the sometimes dirty tricks used to shape events in foreign countries. But the agency's covert-action team was reduced to a bare minimum even before Turner ar-



Mind bending: Can the government—or the public—overlook past mistakes?

his source of many escapades embarrassing to the Company in recent years. It was understandable that Turner looked to the operations division as a safe place for cuts. But he has had to assume the risk that real, if unusual, assets might be lost, too. One of the last men at the agency who spoke Albanian reportedly fell to a pink slip not long ago—and even Jimmy Carter knows the difficulty in finding good interpreters these days. In one East European country, in fact, there are reports that an increasing number of dissident Communists would like to talk with CIA officers not because all the station's linguists have been recently fired.

HUMINT experts have scored a share of victories over their counterparts in signal information (SIGINT) and communications (COMINT). A HUMINT

rival, and there is no indication now that it will be significantly expanded. But it may be just as well. While the CIA did score covert victories in Guatemala and Iran in the 1950s, it is better known for its covert failures in Cuba, Chile and elsewhere. In Africa, for example, eager operatives subtly prompted the government of Burundi to send home a bumbling Russian ambassador. To the CIA's dismay, however, the Russians then posted a crack diplomat, and relations between the Burundis and the Soviets grew more cordial than ever. "I am forever overwhelmed by the number of very fine people who have been deluded into wasting their lives in this business," said one very candid covert-action man in Washington.

Even so, neither Turner nor the President intends to give up covert action

How Turner

There seems to be a penchant for equating instant popularity with leadership," muses Vice Adm. Robert Monroe about the CIA uproar over his friend and tennis partner Stansfield Turner. Monroe doesn't think things necessarily work that way. A good leader, he says, "sees what needs to be done when the issues are not all that clear, and has the strength to carry them out whatever obstacles exist."

Though the jury is still out on the clarity of Turner's vision as he turns the CIA inside out, hardly anyone doubts his will to perform. A marked star as long ago as his Naval Academy days in the '40s—"so far ahead of us that we never considered him a competitor or even a peer," according to classmate Jimmy Carter—Turner, now 54, went on to an ever-upward Navy career that earned him four stars at 51. Unlike many hotshots, Turner distinguished himself in a variety of dissimilar jobs—battle command, systems analysis, strategic planning, budget and manpower management, Pentagon firefighting, even academic administration.

To his detractors—in the Navy as well as the CIA—this elegant résumé merely cloaks a man fired with ambition, an arrogant egomaniac who takes blustering charge before he knows what he's taking charge of. His admirers see something else working—an abhorrence of conventional wisdom, an overriding passion for fresh thought and new ideas. "His strongest point was his unusual ability to get people to produce new ideas," says a ranking Navy colleague. The traditional ways of doing things can get trampled in the rush, however. During Turner's time as head of the Naval War College, he picked up on a student's idea of holding meetings between Navy brass and newsmen, who had become mutually embittered over the Vietnam war. "There was a lot of blood on the floor and some tempers exploded," recalls a War College associate, "but both sides learned something."

THUCYDIDES FOR STARTERS

With his zeal for stirring the pot, Turner has always had trouble with those who abide by the old ways and the old ideas. At the War College—the Navy experience that most resembles Turner's embattled stand at the CIA—the admiral took over a snoozy, stagnant lecturer society that required little reading or writing and no exams. At his first assembly, at 11 a.m. on a warm August day, Turner woke up his students, all middle-rank officers with high career expectations, by ordering them to read Thucydides's history of the Peloponnesian War. "The gripes and grumbling

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Summit at Camp David

Returning from a holiday on Georgia's St. Simons Island last week, Jimmy Carter summoned his top foreign-policy advisers to discuss how Egypt and Israel could be coaxed back to the negotiating table. The President confided that he had spent hours trying to fathom the latest crisis—the abrupt breakdown of peace talks in Jerusalem two weeks ago—by imagining himself in the shoes of Egypt's Anwar Sadat and Israel's Menachem Begin. But for starters, Carter and his aides agreed, the presidents of the U.S. and Egypt should get together soon for a bit of quiet summitry. Late last week, the White House announced that Sadat had agreed to fly to Washington this weekend, and that he and Carter would hold talks in the seclusion of Camp David. Said one top Carter aide: "Camp David symbolizes our view that Middle East negotiations are not a Monday-night football game and are best conducted without play-by-play and color every time they break from a huddle."

Begin was expected to visit the U.S. in late April, but in the meantime, he was prepared to engage Sadat in low-key diplomacy. An angry exchange of polemics died down last week and the two sides suddenly seemed on the verge of resuming full-scale negotiations. It was expected that Israel would agree early this week to send Defense Minister Ezer Weizman back to Cairo for military talks that had adjourned three weeks ago. A further breakthrough could come if Sadat accepts new Israeli wording on a declaration of principles to guide the peace negotiations. "There has been progress" toward getting back to the bargaining table, Israeli Foreign Minister Moshe Dayan told NEWSWEEK in an exclusive interview (page 42).

Formulas: U.S. Assistant Secretary of State Alfred L. (Roy) Atherton Jr. stayed on in Jerusalem last week to discuss the Israeli-Egyptian declaration of principles. That document had been nearly completed when Sadat broke off the Jerusalem talks. Israel had agreed to a formula allowing the Palestinians to participate in determining their own future (without conceding them full self-determination) and had accepted a statement calling for Israeli withdrawal from Arab territory (without specifying *all* territory). But major issues remained, including the question of the Palestinians' "legitimate rights" and the

need to solve the Palestinian problem "in all its aspects." Last week, NEWSWEEK learned, Begin and Atherton arrived at new terminology that made no mention of "legitimate rights" and adopted vaguer language on solving the problem "in all its aspects." It remained to be seen whether Sadat would buy the formula—and whether it would be strong enough to

lure Jordan's King Hussein into the talks.

After leaving Jerusalem, Atherton paid a call on Hussein. But the next move was Egypt's, and Atherton was scheduled to visit Sadat early this week to seek endorsement of the Israeli "compromise." Although Sadat seemed in a conciliatory mood, his Foreign Minister, Muhammad Ibrahim Kamel, warned late last week that "a big gap" remained between the Egyptian and Israeli positions.

Mousetrap? Some diplomats thought there was at least an outside possibility that Sadat would find Israel's proposals acceptable and that he might agree to a resumption of Egyptian-Israeli political talks in the hope that Jordan and even Syria would eventually join them. But some U.S. officials feared Israel might be trying to mousetrap Sadat by making it appear that more headway had been made on the declaration of principles than was actually the case—or by making him take the blame for sabotaging the talks if he refused to endorse Israel's "compromise."

Sadat is more apt to look favorably upon Israel's latest proposal if the Cairo military talks make some progress on the issue of Israeli settlements in the Sinai. Egypt has insisted that Israel abandon all its settlements there. Begin's refusal helped end the initial euphoria of Egyptian-Israeli summitry and was a factor in Sadat's sudden decision to end the Jerusalem talks. Dayan indicated last week that Israel would continue to hang tough on

Quiet diplomacy: Sadat at prayer, Atherton meets with Dayan and Begin

AP photos



the settlement issue, but the Egyptians balked of concessions. In Cairo, Egyptian Minister of State Butros Ghali said that, as part of a future peace treaty, Egypt might be willing to grant Israelis short-term "residence permits" that would enable them to continue living in the Sinai.

That suggestion seemed unlikely to win much applause in Israel. But for the time being, at least, Egypt and Israel had called off their war of words. When peace talks broke off, Egypt's state-controlled press had blossomed with editorials and cartoons harshly critical of Begin and the Israelis. Some editorials referred to Begin as a "Shylock" and a "Jewish merchant," and Begin shot back that Egyptians were anti-Semitic. Egyptians bristled. "Arabs are Semites, too," argued one official. "How can we be anti-Semitic?" Even some diplomats suggested that the Egyptians were probably just engaging in their practice of poking fun at everyone—including themselves.

Nonetheless, the Egyptian Government ordered Cairo editors to watch their language, and the anti-Semitism dispute soon petered out. "The Egyptians are unstable and we're neurotic," said Zeev Schiff, an Israeli newsman just back from Cairo. "It won't be an easy coexistence."

Fighters: In Cairo, officials were concerned by what they perceived as Washington's reluctance—or inability—to twist Menachem Begin's arm on key issues. Egyptians were cheered last week by news that the U.S. was proposing to sell Cairo about 60 F-5E jet fighters (page 44). But Cairo still feels the U.S. has left Sadat out on a limb as far as the Arab world is concerned by failing to support him adequately in his peace initiative.

With the Egyptian-Israeli peace talks facing an uncertain future, Carter and

his top foreign-policy aides have decided to give Sadat a strong show of support. Begin had already come to Washington last December and is due back in the U.S. in conjunction with the 30th anniversary of Israeli independence. But during an hour-long meeting in the Cabinet room of the White House last week, Secretary of State Cyrus Vance argued that Sadat, more than Begin, badly needed a pep talk from Carter. Thus, the invitation to Sadat went out and was speedily accepted. "We need to show Sadat we understand some of his frustration," a top Carter aide explained. The Carter Administration has been peeved by Begin's "intransigence" but also considers Sadat given to impetuous diplomacy. Carter is likely to urge Sadat to be persevering—as well as patient.

—ANGUS DEMING with LARS-ERIK NELSON, ELEANOR CLIFT and THOMAS M. DEFRANK in Washington and Mideast bureau reports

DAYAN: 'PROGRESS'

In Jerusalem last week, Israeli Defense Minister Moshe Dayan discussed Mideast peace with NEWSWEEK'S Milan J. Kubic. Excerpts:

KUBIC: Egyptian President Anwar Sadat said the other day that "serious negotiations" are continuing, despite the breakdown of the Jerusalem talks. Has there been any progress?

DAYAN: Yes. Even when the Egyptians were here, we actually negotiated through the Americans, and that's what we're doing now . . . There has been progress. [U.S. representative Alfred] Atherton brought an Egyptian proposal for the last and only paragraph on which there had been no agreement before the talks collapsed. We've discussed it and I think that we have reached a very close compromise . . . I hope that Sadat will accept it . . . If he wants to torpedo the talks, he can pick on any sentence and back away. But if he wants to continue in the same atmosphere in which we've covered 80 to 90 per cent of the draft, then the joint declaration of principles can be reached in, I would say, two weeks' time.

Q. What will happen next? Will King Hussein of Jordan and the Palestinians join the talks?

A. That's the big question. When the negotiations started, the Egyptians said that if we reached an agreement on principles, Jordan and representatives of the Palestinian Arabs would join in.



Dayan: 'I think we have a compromise'

Q. But King Hussein has been very negative about the peace talks.

A. There is always a conflict between what he says and what we hear from the Egyptians and Americans. They are much more optimistic.

Q. Considering how vital it is to bring Hussein in, would you agree to give him a larger role in the autonomy plan for the West Bank and the Gaza Strip?

A. I think that what we offered is absolutely enough . . . At any rate, it's up to us to change our peace plan. If Hussein doesn't like it, he has two options. Either he can come with his own ideas, and we will negotiate and come up with a compromise . . . or he can overcome the obstacles by agreeing on some solution which would be in force for a limited time, and then it could be reviewed. We've proposed this even for the key question of West

Bank and Gaza sovereignty, because we believe that in a few years' time, attitudes in the region can change.

Q. Has there been any American pressure on Israel to keep the talks going?

A. No. The Americans are very active, very efficient, very powerful, and their role is very constructive. Without them, I don't think that we could have gone as far as we have. But there has been no pressure on us.

Q. Some Israelis say that Sadat is unstable. Do you agree?

A. I have only met Sadat twice. He surely is not the same kind of stable personality as, say, Mrs. Golda Meir. In five minutes, you know

exactly where you stand with her and she won't change her mind—it's yes or no and black or white, and that's it . . . Sadat is now moving from one side to another, [but] I would not say that it's impossible for us to reach an agreement with him.

Q. If Sadat continues to demand removal of Israel's Sinai settlements, would you give them up as the price for peace?

A. I would not. They are there, and to remove them would be a terrible mistake. If we accepted Sadat's demand, where would we be when we discuss the West Bank and the Golan Heights? . . . At any rate, I don't think that the question of the Sinai settlements cannot be solved. If Jordan comes into the peace talks, and all other questions are resolved, I think we can find an agreement with the Egyptians without removing the settlements.

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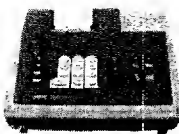
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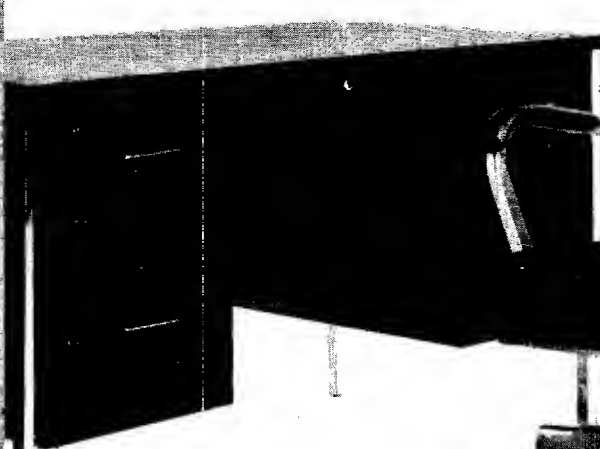
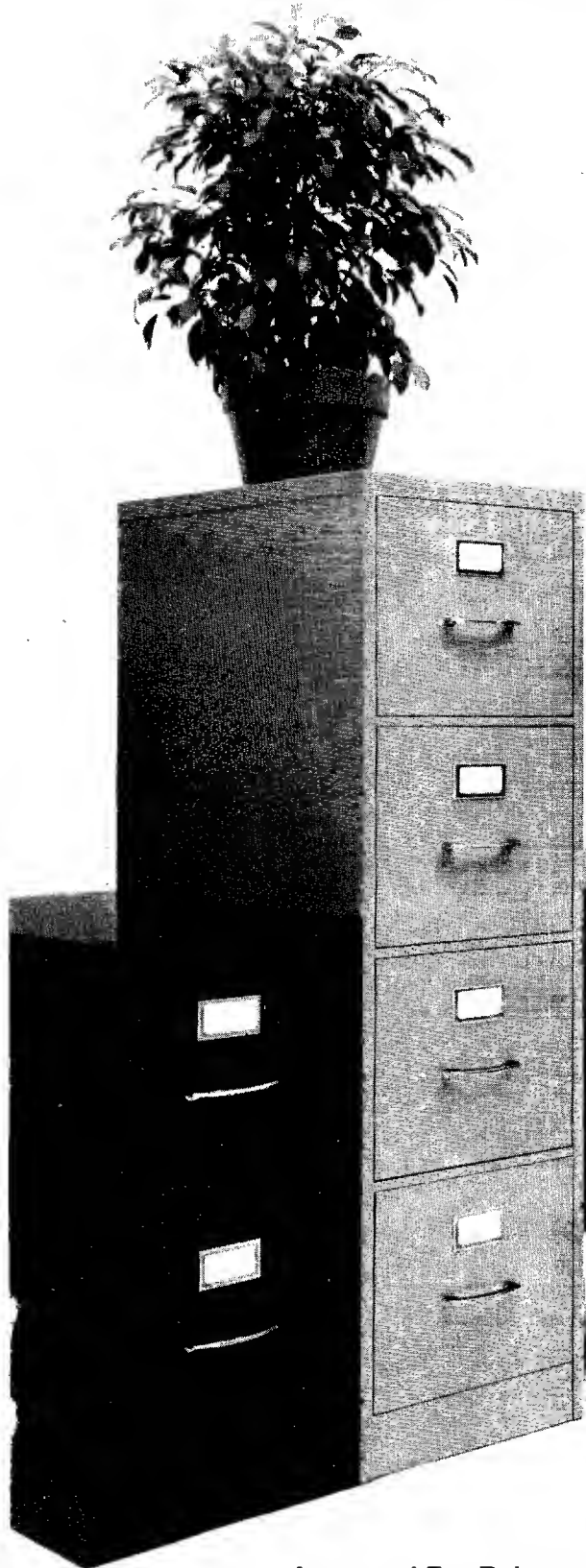


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The Newest Arms Race

Jimmy Carter took office last year promising to reduce the export of U.S. weapons. But now his Administration is engaged in massive arms sales to the Middle East. As a gesture of support for Anwar Sadat, Washington is considering the sale of about 60 F-5E fighter-planes to Egypt, and that is only the beginning. The U.S. also plans to sell the bigger and faster F-15 Eagle to Saudi Arabia, as well as to Israel, along with an array of other potent weapons. Congress has already begun to protest Carter's marketing strategy on the ground that it will upset the military balance in the area. But the Soviet Union has also been making extensive weapons shipments to Arab clients—Syria, Libya and Iraq—and the Administration apparently feels that it cannot afford

fighter and such "smart" weapons as the TOW anti-tank missile.

But the U.S. also has new diplomatic obligations to Cairo, stemming from Sadat's peace initiatives, and the Egyptian President is calling in the debt. He has asked Washington "to arm Egypt with all and every armament that has been shipped to Israel." Sadat knows that he cannot get first-line planes like the F-15 or F-16. But he has asked for 120 F-5E's, which are as good as his aging Soviet-built MiG-21s and would be the first real weapons the U.S. has sold Egypt since the days of King Farouk.

A number of other Arab countries also have asked the U.S. for weapons. The Sudan wants a dozen F-15s of its own. "They'll crash that many in a year," gibes a military analyst in Cairo. But no one is laughing at Saudi Arabia's proposal to buy 60 of the 1,600-mph aircraft, particularly because the Saudi Air Force used combat-tested Egyptian pilots in the past. The Saudis are building a new air base at Tabuk in the northwest corner of their country, just 300 miles from Jerusalem and Tel Aviv.

Stockpile: U.S. weapons shipments to the Middle East have been provoked in part by Soviet competition. Since the 1973 war, Syria has received at least \$1 billion worth of MiG and Sukhoi fighter-bombers, mobile surface-to-air missile batteries, T-62 tanks, 150-mile SCUD-B missiles and other weapons. Iraq also has received a whole lot of Soviet shipments under an estimated \$4 billion arms deal signed last year. And Libya now has 1,300 new Soviet tanks—three times the number for which it has crews. Libya's stockpile is so large that some Western analysts suspect that it may be only a forward base for deploying Soviet weapons to African trouble spots such as Ethiopia.

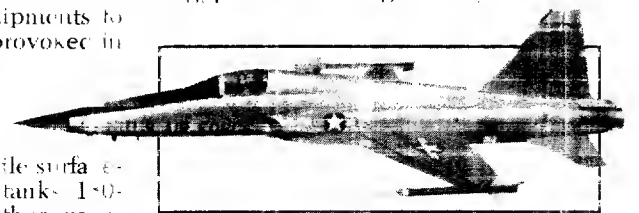
Despite the Soviet shipments, many congressmen think the Carter Administration is going overboard in attempting to please new and old Arab friends. Last week, ten of the fifteen members of the Senate Foreign Relations Committee told Secretary of State Cyrus Vance they objected to the sale of F-15s to Saudi Arabia. Sen. Frank Church wrote Vance a letter declaring that "60 F-15s would destabilize the Arab-Israeli balance of power. The American Israel Public Affairs Committee, a registered Israeli lobby, warned that if F-15s were posted at Saudi bases within range of Israel at the start of a war, the Israeli Air Force might undertake



JEEP-MOUNTED TOW: With computerized aiming, this American missile carries a tank-busting warhead

immediate strikes against these bases and aircraft even if Saudi Arabia had not yet brought its forces into the war."

Many Arabs contend, however, that if anything will produce instability in the Middle East, it is arms for Israel. "Arming Israel with highly sophisticated weapons is dangerous for two reasons: first, because it changes the military balance in the region and, second, because it gives the wrong political signals," argues Dr. Osama el Baz, a senior adviser to Sadat. A Western military analyst in Cairo maintains that Egypt's military strength is only 95 per cent of what it was before the 1973 war, while Israeli power stands at 150 per cent or more. "Egypt could not fight today



F-5E TIGER II: Built to sell overseas, American workhorse can carry more than 3 tons of bombs at up to 1,000 mph

even if it wanted to," says this source, adding that four squadrons of relatively puny F-5Es are unlikely to change the balance.

Fears: Still, the Israelis think they have ample reason for concern. The Skyhawk and Mirage fighters that are now the backbone of their air force are becoming obsolete; most of them will have to be phased out in the 1980s. And oil money has enabled the Arabs to place \$20 billion worth of orders for Western and Communist weapons in the past four years. Without a strong increase in shipments from the U.S., the Israelis fear that a decade from now, the Arabs will be far better armed. Warplanes sold to the Arabs may not change the balance of forces immediately, but as a symbol of things to come, they are a source of considerable worry for Jerusalem.

—KIM WILLENSON with LLOYD H. NORMAN in Washington, WILLIAM E. SCHMIDT in Cairo and MILAN J. KUBIC in Jerusalem



F-15 EAGLE: Rated the world's hottest fighter, the American warplane can fly at 2,000 mph and hit targets 1,000 miles away

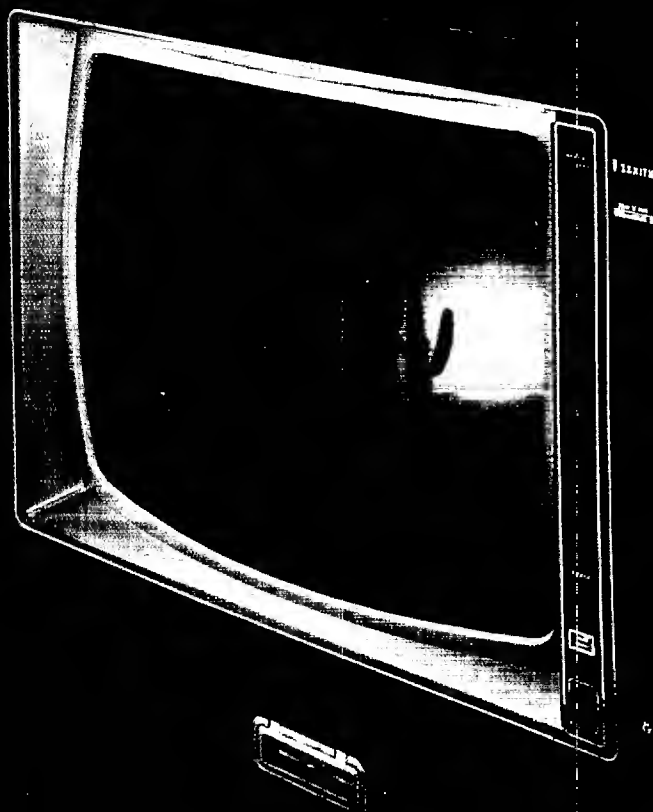
to withdraw from the great Middle East arms bazaar.

The White House will soon announce a "package deal" on arms sales to the Middle East, and Congress will have 30 days in which to express any disapproval. The main beneficiary of the package will be Israel, which wants U.S. support for a ten-year, \$15 billion defense plan. The unnamed Matmon (Hebrew for treasurer). The Israelis intend to replace many items in their current arsenal, and they assume that if they withdraw from the Sinai as a result of talks with Egypt, huge new defensive positions will have to be built in Israel itself. "In the short run," says an Israeli defense official, "peace could be an extremely expensive proposition." The Pentagon has informed Jerusalem that its requests are excessive, but the U.S. still plans to ship major substantial amounts of weapons, including the F-15, the lightweight F-16



SOVIET T-62: Main battle tank has a range of 300 miles, climbs 60-degree slopes and fires armor-piercing, 115-mm shells

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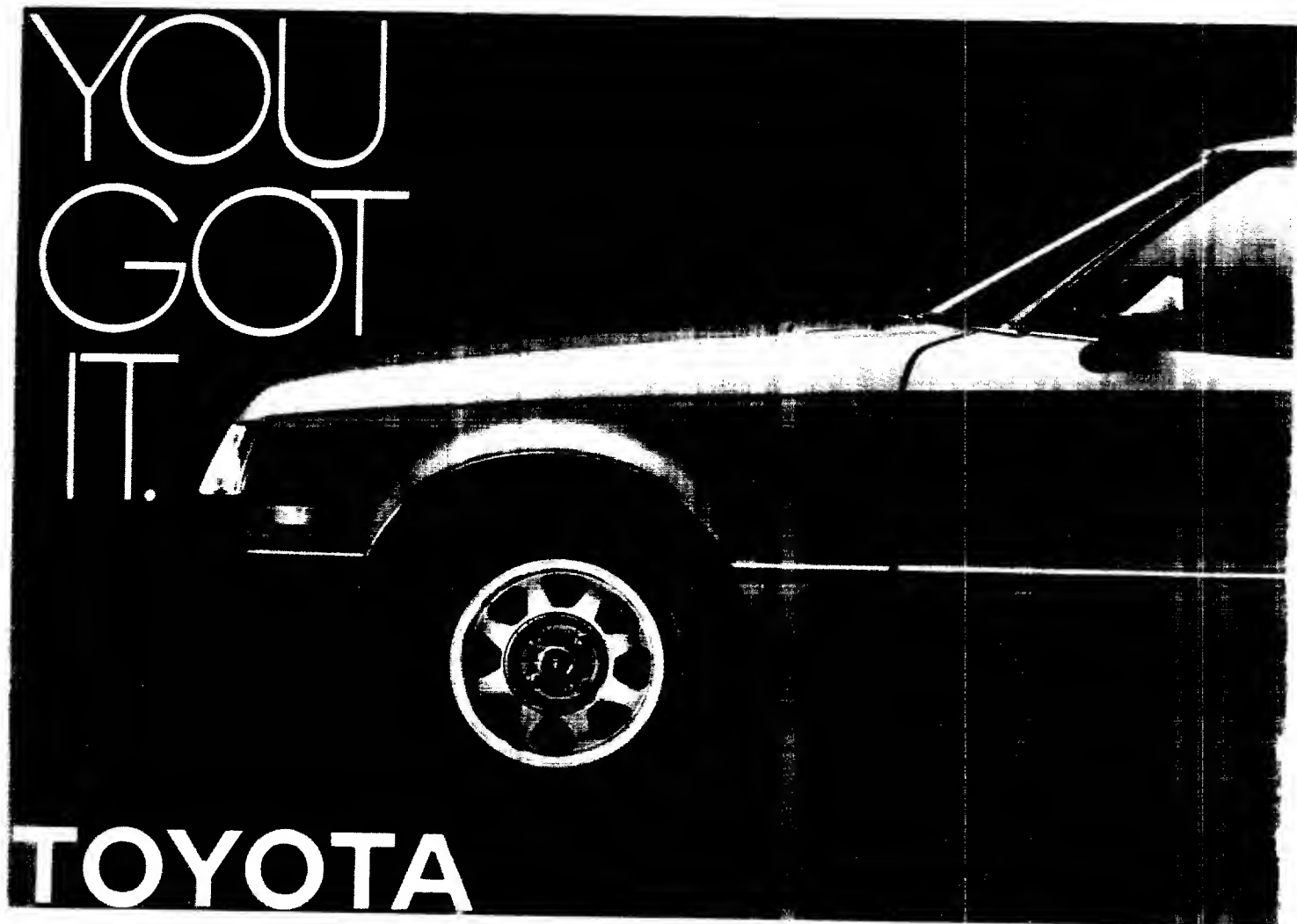
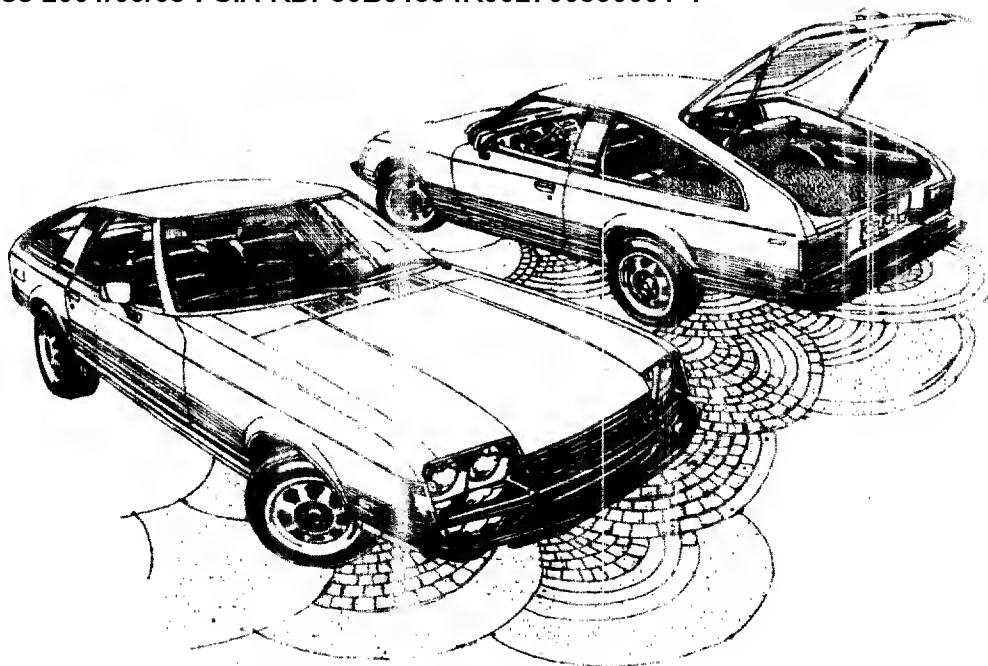
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Shown: The Reynolds, SJ2543E, with Oak veneers on top and ends;
front and base of simulated wood. Simulated TV picture.



Runs His Ships

got louder," recalls one who was there, "as they found out that they would have to read about three shelves of books, take examinations and write papers and a thesis."

The admiral hung two signs on his office door—"Call me Stan" and "I need one good idea a day"—and set about fermenting the intellectual juices. "Turner liked the Socratic method," says a former student, "and he would ask 'Why do we need a Navy?'"



'Sturdy Stan': At Amherst (front row) with Webster, as Annapolis guard, with wife, Patricia, leaving NATO

"What made the nuclear deterrent deter?" "As usual, says a civilian professor, "he had a lot of people upset"—but by the time Turner left in 1974, the War College was a country club no longer.

BUDDIES AT THE TOP

A teetotaling Christian Scientist from a well-to-do suburban Chicago family, Turner put in two years at Amherst College in Massachusetts before opting for a naval career in 1943. He is still remembered at Amherst as "Sturdy Stan," a soberly prankish BMOG and, as it happened, a classmate and close friend of William H. Webster, Carter's new choice to head the FBI. Turner believes that the long-standing friendship will facilitate cooperation between the FBI and CIA—a goal not necessarily shared by civil-libertarians.

"I anticipate I'll have no problem whatever in calling up and saying, 'What the devil are you doing, Bill?'" Turner has said. "And he'll call me and say, 'Why in the world did you do that, Stan?' I'm looking forward to it."

At Annapolis, Turner became brigade commander and graduated 25th in his class of 820. As a Rhodes scholar at



Oxford, he studied philosophy, politics and economics. Turner served on a destroyer during the Korean War, then alternated between shore and ship assignments before putting in three years as a systems analyst at the Pentagon. He commanded the missile frigate Home during the Vietnam war, winning a Bronze Star and an enhanced reputation as an innovator.

Turner won equivalent notices after he took over the wholly different job of aide to Democratic Navy Secretary Paul Ignatius in 1968. "He had to organize the work, advise on budget matters and programs, manpower problems and a host of other tasks," says Ignatius, now president of the Air

Transport Association of America. Turner moved on to the War College in 1972, became commander of the Second Fleet two years later, and then commander of NATO forces in southern Europe. That was the job he held when Jimmy Carter, whom he had never known at Annapolis, had his celebrated "wakin'-up thought" one morning last spring about putting the admiral in charge of the nation's intelligence.

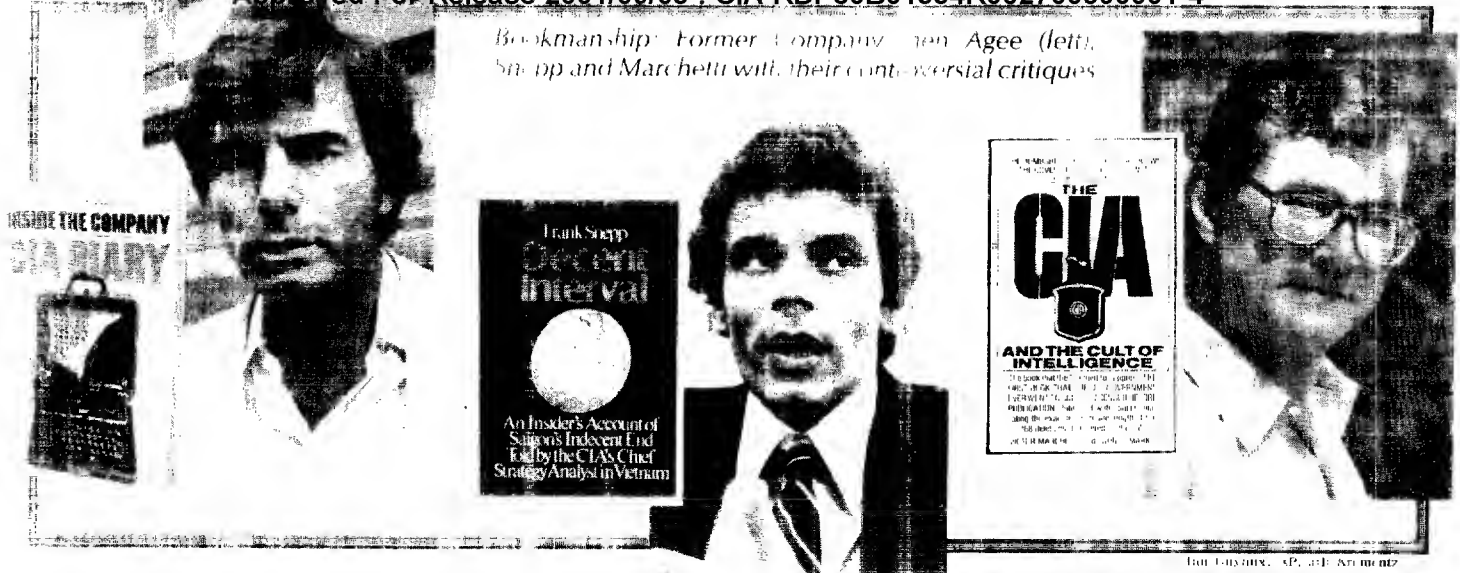
When he flew from Rome to Washington, Turner did not know what job the President was going to offer him. Chairman of the Joint Chiefs of Staff was his fondest dream, but Chief of Naval Operations also seemed likely. He worked out a telephone code with his wife, Patricia. If it was the Joint



Chiefs, he would tell her, "major league." For CNO the code words would be "minor league." In the event, Turner called to say, "It's the bush league," a slightly pejorative pun on the name of his CIA predecessor, George Bush.

In Washington, Turner enjoys an occasional night of opera but he is too busy, even on weekends, to take Patricia on a promised museum-hopping expedition. "I think he's a little overboard myself," says his wife. "He needs to have contact with more people." That's what they say about Jimmy Carter, too, a man with whom Turner shares a certain faith in management systems, a broad-band intellectual interest—and a terrible impatience with those not similarly saturated in the job at hand.

—RICHARD BOETH with DAVID C. MARTIN and LLOYD H. NORMAN in Washington



Bookmanship: Former Company men Agee (left), Snapp and Marchetti with their controversial critiques

reality. "It's got to remain an arrow in a quiver," Turner said last week. The CIA's small crew of paramilitary experts can be used against terrorists, for example. Any such action, Carter maintains, is now subject to Presidential approval and congressional scrutiny. His goal is to do away with the CIA's old doctrine of "plausible deniability," a euphemism for the cover stories that hide links between the president and illegal operations.

The new policy has astonished a few veterans. One West European intelligence chief who met Turner recently said in surprise: "He told me that the only difference now is that all covert operations henceforth will be conducted legally. He doesn't seem to realize that the whole point of covert operations is to be able to do things that *aren't* legal."

MATTER OF TRUST

His warning was cynical but well founded. Openness, legality and moral scruples tend to put off intelligence professionals whose ruling passions, of necessity, run to guile, deception and secrecy. Sources in Europe told NEWSWEEK'S Armand de Borchgrave that friendly intelligence agencies such as Britain's well-wired Mukhabarat now worry about their best secrets falling into the wrong hands around Washington. In the African Bureau of State Security (BSS), the best intelligence outfit in Africa, has reportedly become standstill—in part, no doubt, because of mounting political differences with the United Arab Republic's SAVAK is irked by the CIA's refusal to turn over tips on Iranian dissidents in the U.S.; the Iranians charge that CIA had details about anti-Castro terrorists who had been supplied to Cuba. And the Greeks complain that their reports on Cubans in Africa have been ignored. "The British, the Italians, the Greeks—even the United States don't trust me any more," said one American operative in Washington.

Trust has also become a pressing question around Langley. Defectors to the not-so-free world like Philip Agee have

called names and named names, arguably jeopardizing plans and even lives. More thoughtful critics like Victor Marchetti (in "The CIA and the Cult of Intelligence") have poked fun at the CIA's cult figures—and holes in its mystique. And former officer Frank Snapp's charge (in "Decent Interval") that The Company ran out on thousands of its Vietnamese employees did little to improve the commitment of local spies elsewhere. With hundreds of defrocked spooks on the beach, some now worry that more books—or even more serious disclosures—are on the way. "It's a red herring to say someone might go over to the other side," insisted one retired CIA expert. "Then he thought a bit and added philosophically, 'But with a slap in the face, strange things can happen.'"

Turner believes firmly that such fears are exaggerated. He may be right. Ousted veterans and their supporters tend to be furious at him, not their country. And few ex-CIA scribes have taken their true confessions as far as Agee did. "Even Snapp was very circumspect in writing his book, as far as I can see," Turner told NEWSWEEK. It comes out that may prove bothersome if the agency ever takes the case to court.

Rattled or not, the CIA seems to be pulling itself together. The Domestic Contact Division is expanding to interview more Americans, particularly scientists, technologists, economists, and energy experts, returning from "points of interest" abroad. And the Foreign Resource Division, which recruits foreign sources in the U.S. may grow. The Director of Operations is also redeploying its officers abroad. It may expand operations in Africa to cultivate sources there who travel in and out of China and the Soviet Union, two "hard targets" for American operatives seldom managing to penetrate directly. It is moving the clock slowly, to meet the Freedom of Information Act—and to declassify more of its less sensitive secrets.

To head a leaner, meaner Directorate of

Operations, Turner picked John McMahon, a veteran of the Science and Technology division. The choice alarmed some critics who fear technological progress will alter the CIA's traditional mission—and replace Nathan Hale with R2D2. Culmer hands pointed out that McMahon was a superb manager who had learned much about clandestine affairs from the years he had spent developing exotic doodads for the CIA operations. "He'll have the Directorate of Operations eating out of his hands in 60 days," predicted one unnamed colleague.

FERRETS, BLEEPS, BIG EARS

Even traditionalists now concede that the main burden of collecting intelligence has fallen to machines. "Ferret" satellites 200 miles up in space record electromagnetic signals from ships, aircraft and ground stations. Fifty miles closer to the earth, photo satellites circle watchfully, dropping film packs and bleeping messages back home. Their photos are so good, Turner has told White House aides, that the CIA can distinguish Guernseys from Herefords on the range and read the markings on a Russian submarine. Even closer in, U-2 and SR-71 photo reconnaissance planes snoop at altitudes of 70,000 to 90,000 feet. And far below, mountaintop radio receivers scan the airwaves while the electronic devices of the National Security Agency, the nation's "Big Ear," pick up everything from chats between foreign leaders to enemy orders of battle.

Without photo evidence of missile sites in Cuba, John F. Kennedy would never have gone to the brink of World War III with the Soviet Union. London Johnson made a point of giving Third World leaders satellite photos of their capitals—to show he had his eye on things. But technology can also produce intelligence as mindless and worthless as anything ever concocted by human bumbler out in the cold. CIA scientists, not cloak-and-dagger men, took on On-

(Continued on page 30)

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HERE'S HOW TO TELL WHICH ONE.

If you've considered buying a 35mm single lens reflex camera, you may have wondered how to find the right one out of the bewildering array of models and features available.

And you have good reason to wonder, since the camera you choose will have a lot to do with how creative and rewarding your photography will be.

Of course, what you pay for your camera is important. But it shouldn't be your only consideration, especially since there are very expensive cameras

and shoot simplicity. The difference is in the kind of creative control you get.

For landscapes, still lifes, portraits and the like, you'll want an *aperture-priority* camera. It lets you set the lens opening, while it sets the shutter speed automatically.

This way, you control depth-of-field. That's the area of sharpness in front of and behind your subject. Many professional photographers believe that depth-of-field is the single most important

the lens opening automatically.

Minolta makes both types of automatic camera. The Minolta XG-7 is moderately priced and offers aperture-priority automation, plus fully manual control. The Minolta XD-11 is somewhat more expensive, but it's the world's only 35mm SLR with both aperture and shutter-priority automation, plus full manual. The XD-11 is so advanced that during shutter-priority operation it will actually make exposure



Minolta makes all kinds of 35mm SLR's, so our main concern is that you get exactly the right camera for your needs. Whether that means the Minolta XD-11, the most advanced camera in the world. Or the easy-to-use and moderately priced Minolta XG-7. Or the very economical Minolta SR-T cameras.



that won't give you some of the features you really need. So before you think about price, ask yourself how you'll be using the camera and what kind of pictures you'll be taking. Your answers could save a lot of money.

How automatic should your camera be?

Basically, there are two kinds of automatic 35mm SLR's. Both make use of advanced electronics to give you perfectly exposed pictures with point, focus

factor in creative photography.

At times you may want to control the motion of your subject for creative effect. You can do this with an aperture-priority camera by changing the lens opening until the camera sets the shutter speed necessary to freeze or blur a moving subject. Or you can use a *shutter-priority* camera, on which you set the shutter speed first and the camera sets

corrections that you fail to make.

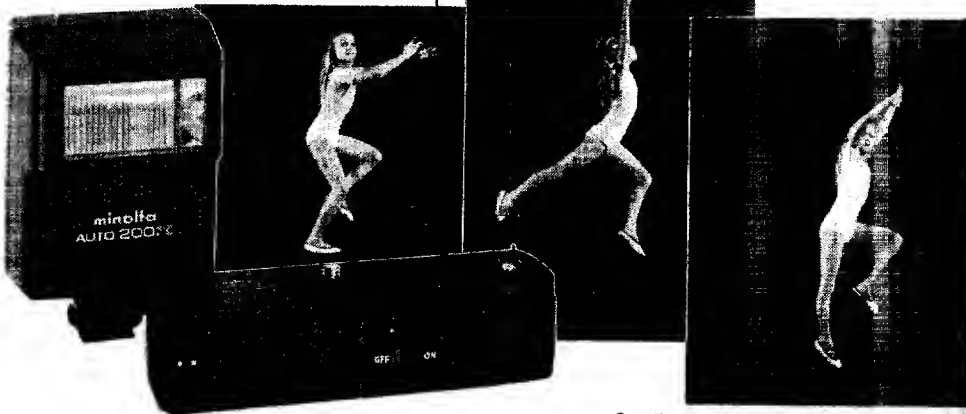
Do you really need an automatic camera?

Without a doubt, automation makes fine photography easier. But if you're willing to do some of the work yourself, you can save a lot of money and get pictures that are every bit as good.

In this case, you might consider a Minolta SR-T. These are semi-automatic cameras. They have built-in, through-the-lens metering systems that tell you exactly how to set the lens and shutter for perfect exposure. You just align two indicators in the viewfinder.

What should you expect when you look into the camera's viewfinder?

The finder should, of course, give you a clear, bright view of



Specifications subject to change without notice.

your subject. Not just in the center, but even along the edges and in the corners. All Minolta SLR's have extraordinarily bright finders, so that composing and focusing are effortless, even in dim light. And with a Minolta there's never a question about focusing. You'll find focusing aids in every Minolta viewfinder that make it easy to take critically sharp pictures.

Information is another thing you can expect to find in a well-designed viewfinder. Minolta believes that you should never have to look away from the finder in order to make camera adjustments. So everything you need to know for a perfect picture is right there in a Minolta finder.

In the Minolta XD-11 and XG-7, red light emitting diodes tell you what lens opening or shutter speed is being set automatically and warn against under or over-exposure. In Minolta SR-T cameras, there are two pointers which come together as you adjust the lens and shutter for correct exposure.

Do you need an auto winder?

If you like the idea of sequence photography, or simply want the luxury of power assisted film advancing, an auto winder may be for you. Minolta auto winders will advance one picture at a time, or continuously at about two pictures per second. And they give you advantages not found in others, like up to 50% more pictures with a set of batteries and easy attachment to the camera without removing any caps. Optional auto winders are available for both the Minolta XD-11 and XG-7, but not for Minolta SR-T cameras.

How about electronic flash?

An automatic electronic flash can be combined with any Minolta SLR for easy, just about foolproof indoor photography without the bother of flash-bulbs. For the XD-11 and XG-7, Minolta makes the Auto Electroflash 200X. It sets itself automatically for correct flash exposure, and it sets the camera automatically for use with flash. An LED in the viewfinder tells when the 200X is ready to fire. Most unusual: the Auto Electroflash 200X can fire continuously in perfect synchronization with Minolta auto winders. Imagine being able to take a sequence of 36

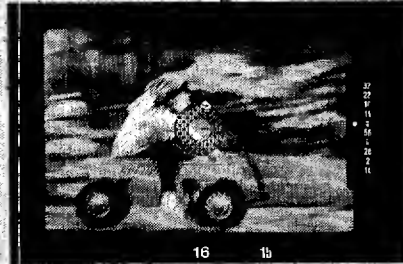
flash pictures without ever taking your finger off the button.

You should be comfortable with your camera.

The way a camera feels in your hands and responds to your commands can make a big difference in the way you take pictures.



The match-needle viewfinder: just align two indicators for correct exposure. Because you're doing some of the work, you can save some money.



The electronic viewfinder: light emitting diodes tell you what the camera is doing automatically to give you correct exposure.

The Minolta XD-11 and XG-7, for instance, are compact, but not cramped. Lightweight, but with a solid feeling of quality. Controls are oversized and positioned so that your fingers fall naturally into place. And the electronically controlled shutters in these advanced automatic cameras are incredibly smooth and quiet.

Minolta SR-T's give you the heft and weight of a slightly larger camera, but with no sacrifice in handling convenience. As in all Minolta SLR's, "human engineering" insures smooth, effortless operation.

Are extra features important?

If you're going to use them, there are a lot of extras that can make your photography more creative and convenient.

Depending on the Minolta model you choose, you can select from a number of special features. For instance, some models let you take multiple exposures with pushbutton ease (even with an auto winder). Other available extras include a window to show that film is advancing properly, a handy memo holder that holds the end of a film box to remind you of what film you're using, and a self-timer that delays the release of the shutter

so you can get the most out of your own pictures.

What about the lens system?

Just about every 35mm SLR has a lens "system." But it's important to know what the system contains. It should be big enough to satisfy your needs, not only today, but five years from today.

There are almost 40 interchangeable lenses available for Minolta SLR's, ranging from 7.5mm fisheye to 1600mm super-telephoto, including macro and zoom lenses and the smallest 500mm lens in the world. And since interchangeable lenses should be easy to change, the

patented Minolta bayonet mount lets you remove or attach them with less than a quarter turn.

What's next?

After you've thought about how you'll be using your camera, ask your photo dealer to let you try a Minolta. Handle the camera for yourself. Examine its features and the way Minolta has paid close attention to even the smallest details. And by all means, compare it with other cameras in its price range. You'll soon see why more Americans buy Minolta than any other brand of SLR. For literature, write Minolta Corporation, 101 Williams Dr., Ramsey, N.J. 07446.

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'This Place Is Producing'

To get the view from the top at the CIA, Washington bureau chief Mel Elfin and correspondent David Martin talked with director Stansfield Turner. Excerpts:

NEWSWEEK: Every single person we have talked to, without exception, says morale has never, ever, been lower than it is right now.

TURNER: I categorically deny that. There is not a morale problem in the CIA today . . . This place is producing. The President of the United States is pleased with it. And the product is high. People work twelve-, sixteen-hour days out here. I have people, at the drop of a hat, working all day Sunday, coming over to my house Sunday night with the results. They are dedicated, wonderful, inspired people. Now, there are complaints. There's griping. There is in every organization of the government. And when you're in a period of transition to new objectives, new methods, new management systems, new styles of openness, of course there are people who are complaining, because it isn't being done the way it was yesterday.

Q. Your dismissal of 212 persons obviously hurt morale. Would you do it again, and in exactly the same way?

A. What I will do differently the next time is spread the notification out over a longer period of time . . . But I did what I think was the only honest, proper thing to do for the agency and for the country . . . There's just nobody around here that doesn't know that we're in a time when we have to improve, we have to change, we have to adapt.

Q. Do you have confidence in the clandestine service, or are you afraid that there is something else hidden there?

A. I took a skeptical attitude and I hired [Robert D. Williams] to come in, and I gave him a carte blanche [to investigate]. At the end of six months, I said to the clandestine service, "I am well satisfied with the way you are doing things. I have no concern that you are doing things deliberately without orders, or contrary to orders." I also told them there were going to be 820 of them less, you know. The good news and the bad news.

Q. Can the United States still take action covertly in a national emergency?

A. Yes. We're scaling that down in our objectives . . . but I will fight to the last to retain an arrow in my quiver to do political action. But not thousands of people to do paramilitary things like we had in Vietnam—a small paramilitary capability. Modest, tuned, honed and ready to go. It's very important that it be there, particularly to combat terrorism.

Q. Have such things as the Congressional hearings, allegations by former agents who have written books and the fact that many people are leaving the CIA in a disgruntled mood caused any sources to dry up because they are afraid of leaks?

A. Oh, that's just balderdash. I have such confidence in these people who leave. They're patriotic Americans. Now, some of them have shown a very unprofessional stance in running to the press, but, you know, even Frank Snepp was very circumspect in writing his book, as far as I can tell. There is apprehension around the world as to how the Congressional thing will settle out. But we haven't had, to the best of our knowledge, leaks from the Congressional side that can be pinpointed.

one of the benefits [in] oversight now is that the Congress is really getting to know what intelligence is about; they are recognizing how much of a responsibility they're shouldering.

Q. Have any of the friendly services around the world shown reluctance to share information with the CIA because of leaks?

A. I have heard that foreign services are questioning how our procedures are working out under these circumstances. I have zero evidence that it has, at this stage, resulted in a degradation in the quality or quantity of information we get from them . . . What's changed in the last decade is [that] technical-intelligence collection has become so sophisticated, so expensive, that in all areas of the world we can do better in many of these technical areas than anybody else.

Q. Is it true the CIA had to contract out to the Rand Corp. for the first draft of this year's



The White House

Turner with Carter, Brzezinski and Mondale: 'The President is pleased'

Q. A retired CIA official told us recently that if he had been a Russian working in the Soviet Embassy in Washington, he could probably have all the documents and information presently given to the Congress of the United States within a year.

A. I don't believe it. I really don't. The documents we give to the Senate Select Committee on Intelligence are held in one series of closely guarded rooms, 24-hour guards on them, alarm systems, locks, the whole works. They're not running around in congressmen's offices.

I went to see a senator the other day, just to pay a courtesy call on him. We got discussing something, and he suddenly told me, "Write it down." He was so security-conscious. His room hadn't been debugged for a while and [when] I slipped into saying something classified, we started exchanging notes, just the two of us sitting in the room there . . . I mean,

National Intelligence Estimate on the Soviet Union? If so, does this reflect in any way on the most important job you do around here, which is the estimate?

A. We contract in a number of areas. I don't want to discuss that NIE in particular, but I see nothing wrong with getting, in specialized areas, the very best talent the country can bring to bear on a national intelligence estimate . . . This is only one little piece of the Soviet estimate. We went out and hired a fellow who worked for us a few months ago. He was working on this before he left.

We [also] go outside when it is, in our opinion, to the government's best interests . . . to make sure all the divergent views are represented. And if you don't happen to have hawks and doves on some particular situation or you don't have specialists on this and that, you complement your in-house talent.

(Continued from page 24)

eration Midnight Climax, an inquiry into mind-bending drugs in which unsuspecting men were given the drugs in CIA-run brothels and then observed at play. In another effort that didn't pay off, the CIA managed to plant seven bugs in the Chinese Embassy in Burundi in the early 1970s; five failed to function at all, one burnt out in three months because the "off" switch wouldn't work—and the one in the ambassador's office produced nothing new because the ambassador assumed his room was bugged.

BRAINS OVER BOMFOGGERY

The real issue is not whether electronic spies are better than those who wear gumshoes but how to master the glut of data and improve the bomfoggery reports that make up the "product" of the U.S. intelligence community. "Rather than finding out increased technical capabilities diminish your human intelligence requirements, it's just the opposite," Turner observes. "The more information you have from technical sources, the more intentions you want to know . . . and you go to the human to find the intentions. You must make them dovetail."

Top priority is still military intelli-

gence. But Carter is also making heavy new demands on the CIA to improve its predictions and its analysis of economic and political developments. "When you finally get to the edge of where the jets are—that's where the stuff gets weak," said one Carter strategist. Turner's efforts to push beyond data grubbing has probably led to the most serious criticism leveled against him: shaping intelligence analysis to please the President. "He orders the intelligence estimates to be jazzed up," said one exasperated CIA analyst last week. "The facts aren't always exciting enough for Stan."

To his defenders, Turner is providing just the kind of excitement the CIA needs. "We are talking about a tired middle-aged bureaucracy and we should be rubbing their noses in the billions they have spent to make bad call on major events," says Congressman Fike. And in signing the Executive order that broadened Turner's powers last week, President Carter said evenly: "I want to express my complete appreciation and confidence in Admiral Turner, whose responsibilities . . . will be greatly magnified."

At one time Turner had hoped to become an intelligence czar. The reorgani-

zation gives him a more modest role: Carter did not grant him Cabinet rank or sole authority to speak publicly on intelligence matters. But he did give Turner an empire: a new National Foreign Assessment Center, to prepare the CIA's most important strategic assessments; a National Intelligence Tasking Center, to distribute missions and cut waste; and a Directorate for Resource Management, to supervise a budget estimated at more than \$3.5 billion.

Turner has also assembled his own team of new and old hands to run the new units and the traditional CIA structure. Among the most notable are Robert Bowie, at the NFAC; John Koehler, at the DRM; Lt. Gen. (ret.) Frank Camm at the NITC; Leslie Dirks as the CIA's deputy for Science and Technology and John F. Blake as deputy for Administration. Old pros around Washington last week also predicted that Carlucci, the CIA's new Deputy Director and a man who understands Washington manners, would do much to smooth some of the feathers Turner has ruffled among his own people at Langley.

NEW CHARTERS AND RED TAPE

Turner's new-style intelligence community may run into the same kind of controversy as the old one. To civil libertarians, Carter's new restrictions on various clandestine activities seemed too tame; former intelligence officials, on the other hand, called them crippling. The Senate is considering new charters for the entire intelligence community that would require written opinions from the Attorney General on the legality of every operation, a reform that could tangle the agency in red tape. And Rep. Edward Boland, chairman of the House Intelligence Committee, vowed to demand more Congressional access to secret operations. "It all comes down to the fact that since we are going to be in on all the crash landings, we must insist we be in on the take-offs," he said.

Whether such open exposure is really practical remains to be tested. The CIA's plan to open its headquarters to carefully guided tours on weekends died un-mourmed around Langley when it turned out that almost nothing of interest could be seen without breaching security. Turner himself believes it will take another year to tell whether the reforms are taking hold and the product improving. The best judgment now is that the overall quality of U.S. intelligence has not dropped dramatically and that it may indeed start to go up. "We ought to knock off criticizing the changes at the CIA, let it settle down and do a good job," urged one level-headed former officer last week. In the meantime, Turner has shown at the very least that he can shake some of the dust off a bureaucracy that once considered itself untouchable.

—TOM MATHEWS with DAVID MARTIN, EVERT CLARK, ELAINE SHANNON and JOHN LINDSAY in Washington, ARNAUD de BORCHGRAVE in Geneva and bureau reports.

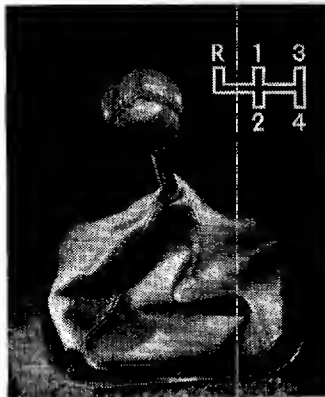
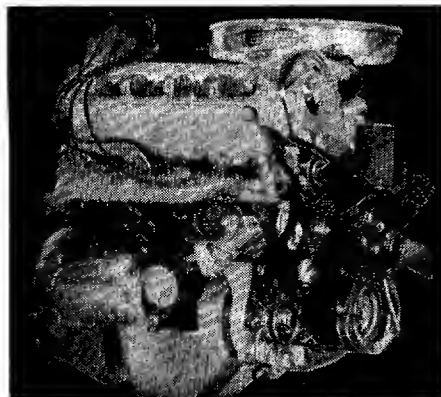
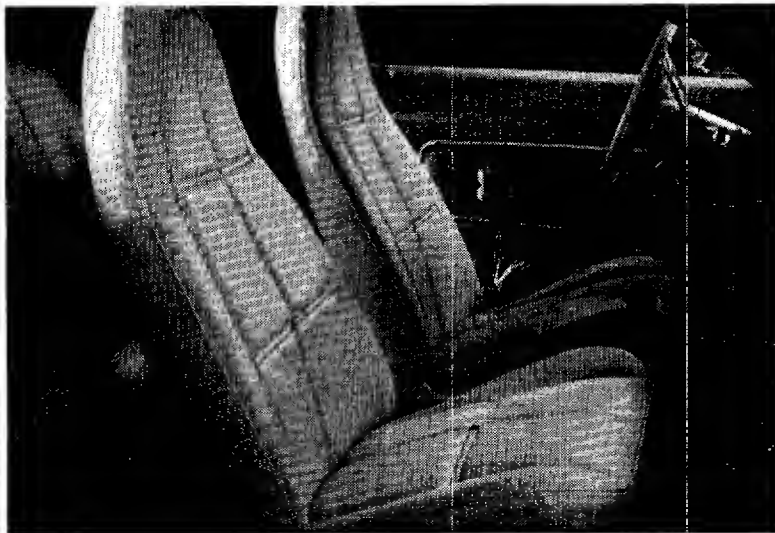
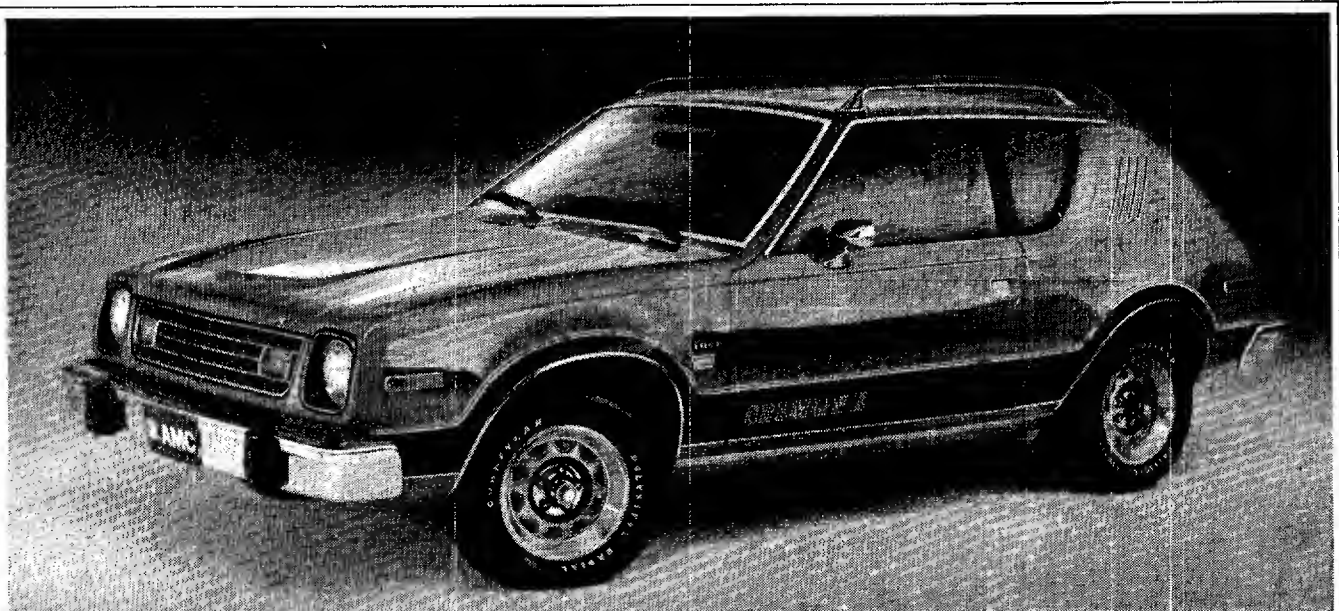


Carlucci (above), Koehler:
New faces, new game rules



Dirks, Camm, Blake: Shaking some dust off the untouchables

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AMC  Gremlin

Fresh Battle on Abortion

Approved For Release 2001/09/05 : CIA-RDP80B01554R002700390001-4

Five years after the U.S. Supreme Court's historic decision legalizing abortion, the controversy over that life-and-death issue shows no sign of subsiding. Pro- and anti-abortion activists staged marches and rallies across the nation last week both to mark the anniversary of the landmark decision and to influence still-shifting state and Federal policy on the subject. The High Court itself has ruled that while states may not ban abortions, they need not pay for them. And Congress last fall enacted the Hyde-Michel amendment prohibiting the use of Federal Medicaid funds in most cases. But Health, Education and Welfare Secretary Joseph Califano issued regulations last week that some experts thought might open loopholes to poor women for whom abortion is not a realistic option unless government funding is provided.

That development was hardly enough to ease the concern of pro-abortionists—or to slow the anti-abortion momentum that seems to be gathering. Thirty-three states now do not provide funds for elective abortions—and nine have passed bills calling for a constitutional convention to draft an anti-abortion amendment. Even some of the states that still provide funding face stiff legislative challenges. Restrictive bills have been introduced in both houses of the New York Legislature; Gov. Hugh Carey is on record against such legislation, but a veto could cause problems for his reelection campaign this year.

Referendum: Another big battleground is California, where "pro-life" forces are working on the legislature to stall Gov. Jerry Brown's entire \$15 billion budget because it includes a \$4 million subsidy for abortions. More worrisome still to supporters of abortion is a grassroots campaign to tack a public referendum on the issue onto California's November ballot. "They could qualify the initiative on one Sunday by gathering signatures in front of every church in the state," admits pro-abortion lobbyist Norma Clevenger.

In states that do not provide funds, abortions have become much more difficult for poor women to obtain, although some county governments are still willing to foot the bill and many private doctors have reduced their fees. "I've seen ladies wait til payday, wait till a relative's payday, sleep with the landlord, sell food stamps, do anything to come up with the money," says family-planning official Barbara Cambridge of Texas. The Family Health Services clinic

in Jackson, Miss., performed 1,939 abortions last year despite restrictive state laws. "We don't make money, an obstacle," says Dr. Gene Bennett of the clinic. "We don't turn a body dollar." In Idaho, where state money is available only on a limited basis, one doctor accepts televisions, radios and other merchandise for performing abortions.

All told, many more women are probably carrying to term and some are becoming increasingly desperate. The number of women who cross state lines to find more liberal abortion requirements is clearly growing (an estimated

600 now). California governments exercise their own option to demand additional evidence on each reported rape. The new interpretation also left it entirely to local doctors to determine if any pregnancy is so threatening to a woman's life or long-term health as to qualify for a Medicaid abortion under the Hyde-Michel amendment. "Given the terrible legislation that Congress has passed, this is about as good an interpretation as we could hope for," said Karen Mulhauser of the National Abortion Rights Action League.

In any event, there is small chance the latest regulations will be the last word. Partisans on both sides are filling their war chests to pay for lobbying, campaign contributions and legal challenges. And although most congressmen would prefer to stay out of it, activist pressure may yet force another battle over abortion on Capitol Hill.

DENNIS A. WILLIAMS with LUCY HOWARD in Washington and bureau reports



Anti-abortion rally in Washington: Changing the rules

2,000 from Maine alone since last year) but there is no evidence of a large-scale return to dangerous back-alley or coat-hanger abortions.

Interpretation: The new HEW guidelines may further alter the situation. The Hyde-Michel amendment permitted Medicaid to pay for "medical procedures necessary for victims of rape or incest," provided the incidents were reported "promptly." HEW decided to allow a 72-hour period for the report of rape or incest to be filed. Only the report would be required—not proof of assault. Whether that provision becomes a vehicle for women seeking free abortions depends

ENVIRONMENT: Faucet Patrol

To remove possible cancer-causing chemicals from the nation's drinking water, the Environmental Protection Agency last week proposed the most sweeping changes in water treatment since Jersey City, N.J., introduced chlorination back in 1908. It was "not a panic situation," said EPA administrator Douglas M. Costle, but he released a list of 29 cities, including Washington, Philadelphia, Miami, Cincinnati and Louisville, that had been found to have high levels of suspect chemicals in their water systems. The new EPA standards of purity would require as many as 50 cities to install activated carbon filters during the next five years—at a total cost of up to \$450 million.

Ironically, chlorination itself seems to be one of the culprits. Chlorine has helped wipe out such diseases as typhoid and cholera, but when it combines

with organic substances in a city's water supply—such as the by-product of leaves rotting on reservoir bottoms—many other chemicals are produced. The most common one is chloroform, which according to scientists has been shown to cause cancer in laboratory animals. Other synthetic organic chemicals known to be carcinogenic can enter a water supply in the runoff from fields treated with pesticides. Some cities, according to Costle, can probably solve their problem by making modifications in the chlorination process. But for the others, officials offered a consolation: activated carbon filters actually make the water taste better.

Newsweek, February 6, 1978

Approved For Release 2001/09/05 : CIA-RDP80B01554R002700390001-4



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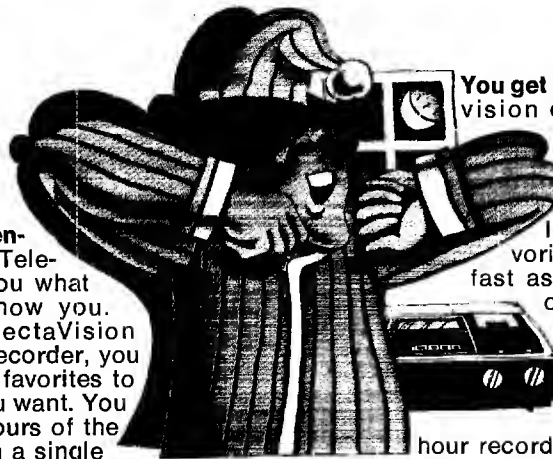


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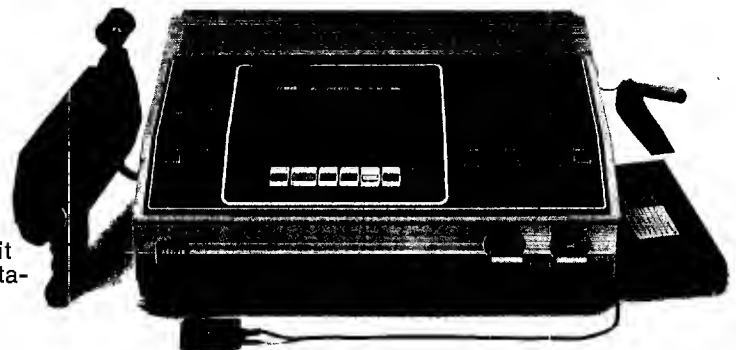
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James D. Wilson—Newsweek

Makarova nests with her supple 'Firebird'

She skimmed the stage as Fokine's original "Firebird," but these days Russian-born ballerina **Natalia Makarova**, 37, is content to nest in her elegant, antique-filled San Francisco home, awaiting the imminent birth of her first child and leeching a new passion: painting. "Make look good my picture—I don't worry about myself," the diminutive dancer teased a photographer as she dabbed a final streak of acrylic red to a sweltering self-portrait of the Firebird. Makarova took up painting to relax shortly after she became pregnant and temporarily bowed out of ballet. Since then, she's started five canvases, all strikingly similar: fantastical, bare-chested creatures she calls "my bird, not woman"—who happen to have Makarova's elongated neck. It's no coincidence. "When I was a child, they called me 'Giraffe,'" she admitted. "I have a complex about this—I like it very much."

So patient with him, he's just a baby Christian," appeared evangelist **Ruth Carter Stapleton**. But when porn publisher **Larry Flynt** promised to illuminate his new acquisition, the year-old Plains (Gulf Monitor, with a centerfold of the President's mother) worried Plainsmen didn't know quite what to expect. Last week, when they unfolded their centerfolds, Monitor readers gratefully found no cause to feel lust in their hearts. There, in a muted charcoal sketch, stood **Miss**

Lillian amply draped in white robes, huddling with masses while Mahatma Gandhi and Jesus hovered above. "It's really a tribute to Miss Lillian and her concern for people all over the world," declared Monitor editor Sam Simons. Flynt did not announce plans for future centerfolds.

In the end, concludes interviewer **David Frost**, "Richard Nixon revealed more of himself to me than either of us expected he would." In Frost's new book, "I Gave Them a Sword," he offers revealing behind-the-scenes anecdotes from his 28 hours of interviews with the former Chief Executive. Nixon's decision to resign from office, Frost relates, came two weeks before his historic "prayer" session in the White

House with Henry Kissinger—and only after Alabama's Gov. **George Wallace** refused to intervene with Southern Democrats on the House Judiciary Committee to rally Congressional support for the foundering President. When Wallace replied, "I don't believe . . . I can . . . be helpful," according to Frost, Nixon turned to his chief of staff, **Alexander Ha-**



Howard Bingham

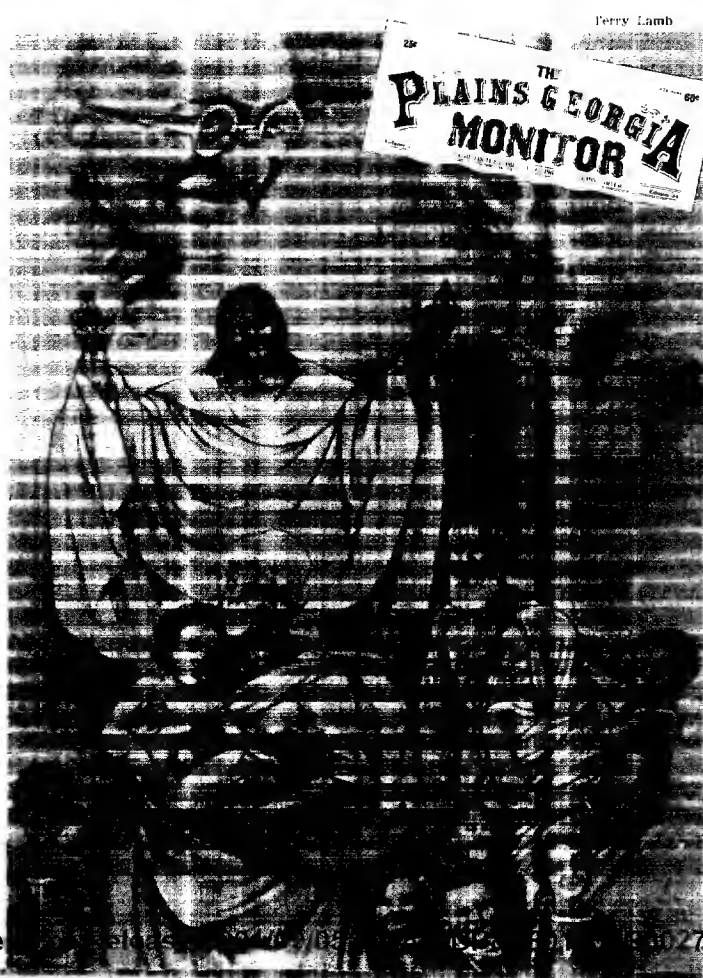
'Wookiee' Ali tries a roughish role

and murmured: "Al there goes the Presidency." Nixon also said that he decided not to name **John Connally** to replace William Rogers as his Secretary of State because he wanted to placate Henry Kissinger. The national-security adviser supposedly feared that Connally would "threaten his position"—and undermine Nelson Rockefeller's Presidential aspirations. "I expect that I am portrayed as a sort of neurotic genius," Kissinger told Frost after the tapings, who replied: "Henry, are you sure you haven't been bugging the sessions?" "Oh, no," said Kissinger. "I just know my boy."

"I ain't talkin' to nobody, no networks, no you," snarled **Muhammad Ali**, 36, pulling no punches with the Orlando, Fla., crowd during a recent trip to Walt Disney World. With reporters nipping at his heels, the suddenly uncommunicative pugilist donned a beastly "Star Wars" mask that matched his mood. Why had The Greatest turned into The Grouch two weeks before his Las Vegas bout with Leon Spinks? It was all just "Ali's new hype," a spokesman explained. "Before, he was loud and talked all the time. Now he's changed. Everybody gets older. Why not Ali?"

Papa may have, and Ma may have, but God bless the child who's got his own . . . At 25, **Isabella Rossellini** has

Miss Lillian's centerfold: No lust in this heart



Perry Lamb

no desire to be an actress, like her mother, **Ingrid Bergman**. Or a director, like her famous father, **Roberto Rossellini**. She shies away from the spotlight because she feels "a bit too fat and not quite elegant enough." The disarming *signorina* would rather be the interviewer than the celebrity—but on her weekly Italian TV news show, she's a bit of both: "This is the only job that overcomes my shyness and satisfies my curiosity," Isabella says. She's completing a documentary explaining the success of American film musicals like "Nashville" to Italians. "We're used to opera or straight acting," she explains. "This singing and then not singing is very confusing." And she's interviewed **Barbra Streisand**, **Clint Eastwood** and **Muhammad Ali**. But there's another Big Name she's anxious to confront: writer **Norman Mailer**. Isabella saw the last of an expensive coat at a party in his home. "It's a year," she says with a laugh, "and I still haven't gotten it back. Maybe he'll get the message now."

The funkiest backup band in Muppetland, Dr. Teeth and the Electric Mayhem, arrived with Day-Glo plumage and glistening haberdashery for a TV jam session with **Elton John**—only to find the flashy rocker shockingly underdressed. It was all part of Elton's new mature image, he explained: "My whole appearance has changed enormously." Elton recently shed his oversized glasses, glit-



Elton's flip side: Classic tweeds meet Muppet Mayhem

ter suits and 37 pounds from his stocky frame by forsaking junk food and sipping Perrier rather than alcohol. His set of conservative tweeds works fine for his role as owner of the Watford Hornets soccer team in England. But Elton's new

duds did leave him feeling "a bit chilly around the neck." That should be cured when his recently transplanted hair grows in. Until then, Elton said coyly, he prefers to keep the hat on.

—BARBARA GRAUSTARK with bureau reports

TRANSITION

APPOINTED: Muriel Humphrey, 65, widow of Minnesota Sen. Hubert Humphrey, to serve in his Senate seat until a special election this November; announced by Minnesota Gov. Rudy Perpich in Fort Lauderdale, Fla., Jan. 25. Her appointment resolved a delicate political problem for Perpich, since several members of the state's Democratic-Farmer-Labor Party wanted the seat but could hardly object to her selection. Many expect Mrs. Humphrey to be a caretaker senator, but, waffling like a true pol, she refused to explicitly take herself out of the November race. "That's a long time away," she said. "I have no idea."

ARRESTED: Alan Abrahams, 52, alias "James Carr," fugitive president of Lloyd, Carr & Co., a high-pressure commodities-investment firm suspected of defrauding customers of millions of dollars; in Tarpon Springs, Fla., Jan. 25. Last month, "Carr" was arrested for defying a judge's orders to stop operating, but skipped bail before police learned he was an escaped felon using an assumed name (NEWSWEEK, Jan. 30).

RETIRING: Superstar quarterback **Joe Willie Namath**, 34; after twelve seasons with the New York Jets and one with the Los Angeles Rams. Namath led the underdog Jets to a stunning Super Bowl victory over the Baltimore Colts in 1969 that put the American Football League on the map. A superb passer and play-caller, he was plagued by knee ailments, and he lost the first-string job to Pat Haden after joining the Rams last year. "When I wasn't No. 1 any more, there wasn't very much for me to do," he admitted.

DIED: Jack Oakie, 74, moon-faced film comedian of the 1930s and '40s; of an aortic aneurysm, in Northridge, Calif., Jan. 23. Groomed for a career on Wall Street, Oakie (born Lewis Offield) opted instead to play the perennial student in a score of campus comedies. He seldom got the girl, but always got the laughs with his mugging and scene-stealing. Oakie appeared in more than 100 films, but he was best known for his caricature of Mussolini to Charlie Chaplin's Hitler in "The Great Dictator."



David Redfern—Retna

Kath: "Don't worry—it's not loaded"

■ **Terry Kath**, 31, lead guitarist and singer with the popular jazz-rock band Chicago, after he shot himself in the head while toying with a pistol in Woodland Hills, Calif., Jan. 23. "Don't worry, it's not loaded," he told his wife before pulling the trigger. A self-taught musician, Kath was a founding member of the versatile group, which recorded eleven platinum albums in as many years.



Lynn Goldsmith

Rossellini: She's on her own

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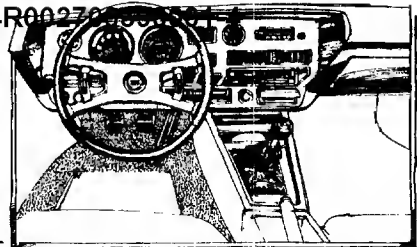
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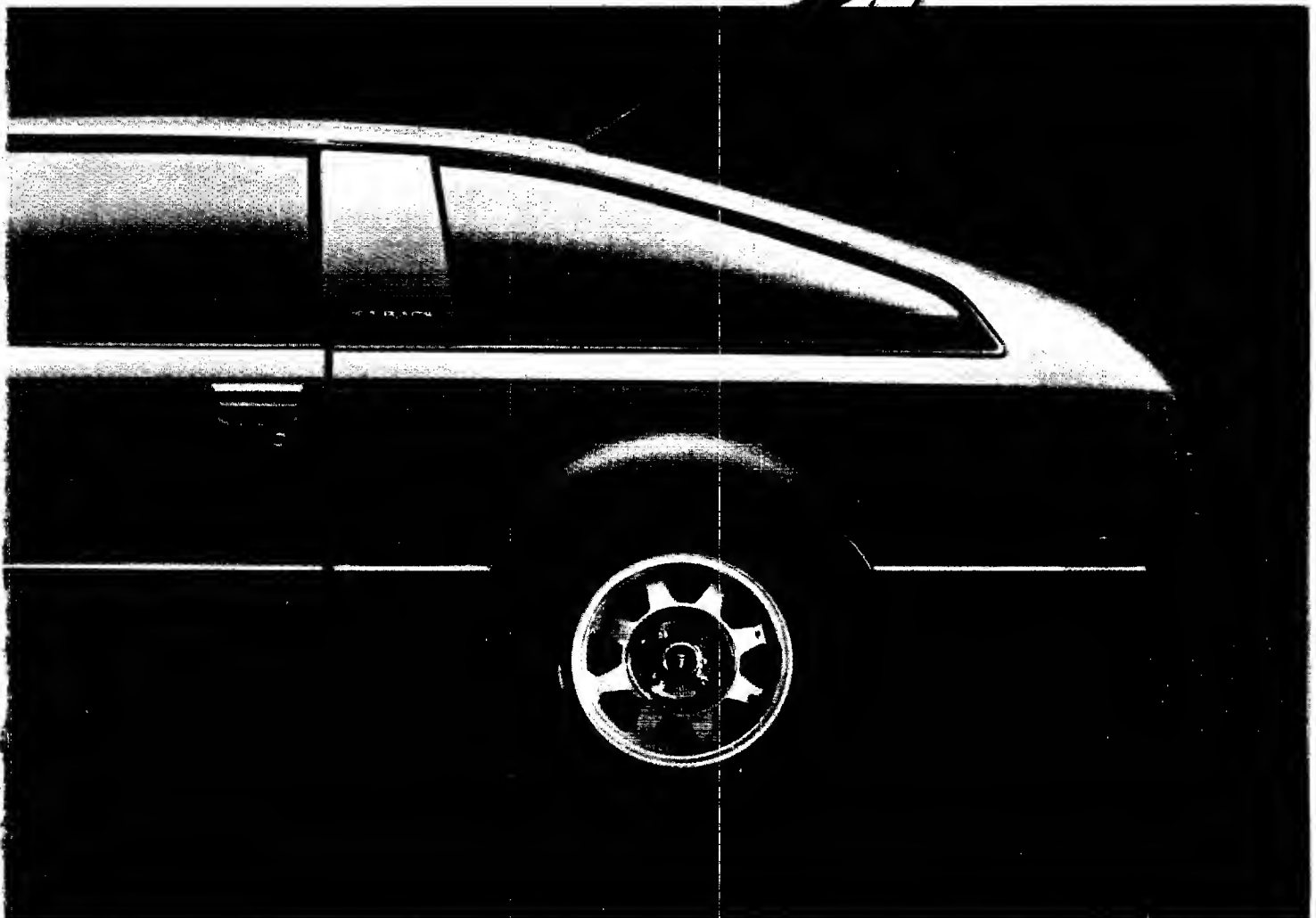
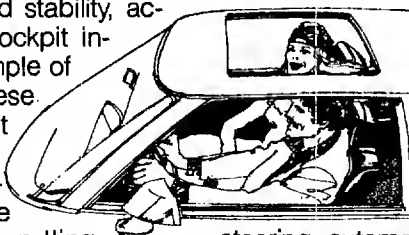
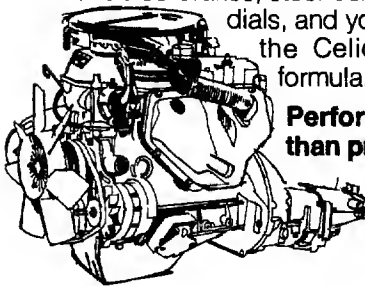
Performance that's more than pretty good. A 2.2 liter overhead cam power plant coupled to a 5-speed overdrive

transmission delivers Grand Touring driving excitement and Toyota economy. In EPA tests the Celica GT Liftback was rated at 34 highway, 20 city. These EPA ratings are estimates. Your mileage will vary depending on your driving habits and your car's condition and equipment. California ratings will be lower.



The beauty is value. The 1978 Celica GT Liftback delivers traditional Toyota dependability, and value. Reclining bucket seats with newly designed adjustable driver's seat lumbar support and AM/FM Stereo are standard. The Liftback features a rear hatch which opens to a fold down, split rear seat.

The GT Liftback options include power steering, automatic transmission, and something no other Toyota has—the feeling of the wind in your hair from the optional sun roof (available Jan. 1978). The 1978 Celica. Comes in two other models as well—the GT and ST Sport Coupes. Dynamically practical cars for the 80's at your dealer today.



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'Blood Will Flow'

The crackdown, when it finally came, was big and fast. It began with a late-night phone call from an anonymous colonel in the Jakarta security command, notifying the city's leading newspapers to cease publication immediately. Then, thousands of Indonesian soldiers spread out across the capital, securing the main intersections, surrounding key government buildings and cordoning off the universities. A crowd of 2,000 students who had gathered on the campus of Christian University scattered when a brace of army helicopters descended upon them, roaring back and forth just above their heads. Student councils at universities across the country were suspended and, in a series of raids, 143 student leaders were arrested. "We're in no mood for tolerance," explained Admiral Sudomo, Indonesia's security chief.

The world's fifth largest nation was in turmoil last week as Indonesian President Suharto moved to quell the student protests that had begun to threaten his government. Acutely aware that youth riots had toppled his predecessor, President Sukarno, twelve years ago, Suharto had watched nervously for months as unrest on the country's college campuses grew from quiet complaints to noisy demonstrations about rising prices, political restrictions and rampant corruption among senior government officials. Only recently, representatives of 67 student councils had journeyed to Jakarta to advise the President—for "his own good"—not to seek re-election next March. Later, student spokesman Lukman Karim told a Suharto aide that "blood will flow" if the President insisted on seeking a third term.

'Principle': Suharto was particularly worried by expressions of sympathy for the students from a string of distinguished former military commanders. The government was incensed that Gen. Hartono Rekso Dharsono, the secretary-general of the Association of Southeast Asian Nations (ASEAN) and an erstwhile Suharto ally, told one public gathering that the regime had "lost sight" of its original goals and needed redirection. When Suharto's defense minister hauled him in and demanded an apology, Dharsono refused, insisting: "For me, this is a matter of principle." As a result, the government asked the four other members of ASEAN to cooperate in firing the general (the allies, however, were in no hurry to act).

As reports began to circulate that a massive demonstration was planned to bring together all of the opposition forces, Suharto finally moved, ordering the newspapers closed and the student leaders arrested. Admiral Sudomo disclosed that fifteen "off-campus" agitators had also been seized. He refused to identify them, but sources said they were

groups which claim that the government has intervened in past elections to limit their share of the vote.

Suharto's crackdown brought quiet to the streets, but it failed to end public protest. Fourteen leading intellectuals issued a joint condemnation of Suharto's arbitrary measures. "This country is now ill; we live in fear," said Adnan Buyung Nasution, the group's spokesman and the head of Indonesia's legal-aid institute. "After the ban of the newspapers, we also live in rumor and gossip."

Despite the burgeoning opposition, Suharto's critics were plainly not as powerful as the forces that had overthrown Sukarno. And the President still seemed



Serge Hambourg—Ratherine Young

Empain and family crest:
Abduction 'Italian style'

to have strong military support. Last month, Indonesia's 25 senior commanders took the unusual step of publicly pledging their loyalty to Suharto, and one of them was the deputy commander of the armed forces, General Surono, the man most often mentioned as a possible successor to Suharto. Admiral Sudomo himself was also in the running, but his cause was weakened by the fact that he is a Protestant, not a Muslim, and a navy man. "Surono maybe, but Sudomo—highly unlikely," said one veteran Jakarta observer. "And I still put my money on President Suharto." Whatever the case, the events in Indonesia last week demonstrated that the military remains the country's dominant political force.

—FAY WILLEY with BARRY CAME in Hong Kong and bureau reports

Snatching The Baron

On a busy street in Paris, a gang of at least four men stopped a chauffeur-driven car and kidnapped a handsome Belgian baron who is one of the towering figures of French industry. Later, they demanded a ransom of \$10 million or more and sent the baron's family a grisly reminder: the tip of his left pinky.

In Barcelona, three men and a woman broke into the apartment of the city's former mayor, tied him up and taped a bomb to his chest. Before the kidnapping could unfold any further, the bomb went off, decapitating the ex-mayor and mortally wounding his wife. The assailants fled, blood streaming down the face of one man.

Last week's kidnappings—one smoothly professional, the other bungled—were the latest in a series of abductions that have terrorized affluent Western Europeans recently. Joaquin Viola, 64, mayor of Barcelona under Spain's Francisco Franco, was retired by King Juan Carlos and lived in relative obscurity before his death. Baron Edouard-Jean Empain, 40, was far from obscure. He controlled the Empain-Schneider business empire, France's second largest and its dominant producer of nuclear technology.

Finger Tip: At first, authorities believed that both attacks were "German-style" kidnappings—planned for political reasons by terrorists like West Germany's Baader-Meinhof gang, which seized and then murdered German industrialist Hanns Martin Schleyer last year. But the evidence suggested that Empain, at least, was a victim of kidnapping "Italian style"—purely for profit. Seventy-two hours after the abduction, his kidnappers told police to search two lockers at separate Paris train stations. In the first locker was an ID card and a letter in the baron's handwriting. In the second lay a finger tip purportedly cut from the baron's hand. Press reports put the ransom demand at up to \$20 million; police hinted it was "only" about half that.

Empain's kidnappers struck with meticulous timing near the baron's apartment at 33 Avenue Foch. They knew the young magnate's late-to-work habits, and had parked a stolen plumber's van and a stolen panel truck in the access road his chauffeur always used. As Empain's



London Express photos

William Scott-Elliot



Dogs hunt bodies, police take blanketed Kitto to court: Highland horrors

Peugeot 604 slowed at the bottleneck, a motorbike suddenly blocked the way. Two masked men forced the chauffeur out of the truck. Their confederates got off in the Peugeot with Empain. Chauffeur Jean Denis, 62, was dumped near the truck less than a mile away, but more that he heard one kidnapper coolly caution his wheel man: "Watch it. You nearly drove through a red light."

The Quiet Life: Although his abduction shook the French Government, Empain has always been treated as something of an outsider in Paris. Born into an enterprising Belgian family that built the Paris Metro and the Egyptian city of Helwan, Edouard-Jean was educated in France, but did not progress far beyond high school. After several years of an aimless life, he took over Empain's elder a decade ago. Showing an aggressive flair for finance, Empain won control of France's nuclear-reactor industry. Now the leader of 150 diverse companies with an annual turnover of \$4.5 billion, Empain and his Italian-born wife, Sylvia, still prefer a quiet home life in the Paris party scene.

As for Viola's killers, they apparently hoped to finance a political movement. From police photos, relatives who were present during the attack identified two men and a woman, members of a Catalan independence group who had been involved in a similar extortion attempt last May. In that case, the kidnappers taped a bomb to Catalan millionaire Jose Maria Bulto and demanded a \$7.5 million ransom. He refused to pay, tried to remove the bomb and was killed in the resulting explosion. The four were arrested, but were freed in an amnesty last November.

If the Spanish felt frustrated hunting for kidnappers they may have just released, French officials were feeling the same way. After a Cabinet meeting, Justice Minister Alain Peyrefitte urged citizens to "inform" on suspected criminals, adding: "A criminal who has not been denounced is a criminal who is still on the loose." He was excoriated by left-wing politicians and newspapers for "sowing the seeds of suspicion and panic," as one paper put it. By late last week, French roadblocks were serene-

ing roughly 150,000 vehicles a day and Spanish authorities were still hunting their suspects. But no one seemed to know how to stop Europe's kidnappings—in any style.

—STEVEN STRASSER with CHARLES MITCHELMOORE in Paris and MIGUEL ACOCA in Madrid

Pinter Meets Christie

It was as if Agatha Christie and Harold Pinter collaborated on a murder mystery. There was the senile Old Etonian and former Member of Parliament whose strangled corpse was found in the frozen Scottish Highlands, his face half eaten by foxes. There was "Belfast Mary," the red-wigged cleaning woman who deluded the Old Etonian into thinking she was his wife until she herself was strangled. There was the real wife, who was battered to death, police suggested, when she caught the staff stealing antiques. All told, five people were dead, the biggest string of murders in recent British history. And when the Christie-style case of the murdered Old Etonian was taken to court last week, police charged that the Pinteresque butler did it—with some help from the chauffeur.

The principal victim, Walter Scott-Elliot, 82, had lived amid a treasure trove of antiques, Meissen china and rare coins bought with a fortune he had made as a merchant in India. In 1976, the Scott-Elliot household included "Belfast Mary," Coggle and butler Archibald Thompson Hall, a suave, 53-year-old ex-convict. Mrs. Coggle was soon fired, and last year Hall left to work for Lady Margaret Hudson, 77, a Scottish landowner. But the butler had a taste for fine cigars and haughty ways, and he was well remembered at Scott-Elliot's block of flats in the fashionable Knightsbridge section of London. "It was hard to believe he was a butler," recalled porter Pat Green. "He was more like one of the residents, with all the right airs and graces."

Red Wig: The first of Hall's alleged victims was drifter David Wright, once the butler's cellmate. Wright was shot in the head last July, purportedly after the two men quarreled about a plan to rob Lady Hudson. Then, police asserted, Hall and chauffeur Michael Kitto, 37, launched a scheme to rob the Scott-Elliots. In mid-December, Scott-Elliot's wife, Dorothy, allegedly caught on and was murdered. Mrs. Coggle quickly reappeared in a red wig and a mink coat; police said Scott-Elliot—who may have been drugged and whose mental powers were failing in any case—believed she was his wife.

Then, as police described it, the Pinteresque invasion of Scott-Elliot's household was played to a grim conclusion: the old man was kept alive to authenticate the ownership of his treasures as the plotters sold them off. With the wife's body in the trunk of their car, Hall and Kitto drove their fuddled prisoner to Scotland to dispose of a load of furniture. Then Scott-Elliot was taken

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*From date of delivery.

Idi Amin's New Leaf

Idi Amin, Uganda's President for life, celebrated the seventh anniversary of his military coup last week with a colorful parade in his birthplace, the village of Koboko. NEWSWEEK's James Pringle was on hand and wrote this report.

Breezy and self-confident, Idi Amin watched with relish as Ugandan Air Force jets roared through a display of aerial acrobatics. As the planes swooped and rolled overhead, some of the invited ambassadors, ministers and government officials stirred uneasily in their seats. After all, air force officers participated in a coup attempt against Amin only last year, and today the hulking, 280-pound figure—sitting on a red plush chair atop a crimson dais—would have made a wonderful target from the air. A series of terrific bangs had the guests looking around nervously, but Amin did not bat an eyelash. Leaning toward the microphone, he reassured them: "Don't be afraid—that's a MiG-21 at supersonic speed."

After seven years as a world pariah and thirteen unsuccessful coups or assassination attempts against him, Field Marshal Amin, 52, was still on the scene and larger than life. Although his blue uniform bristled with medals and decorations, Amin took pains to portray himself as a man of peace. The man who ordered the execution of an archbishop and the massacre of the Langi and Acholi peoples promised to turn over a new leaf. "This is the year of peace, love, unity and reconciliation," he cooed. "I have no bad intentions from now onwards. I want to be very friendly to the entire world community." He did spoil things a bit with a slip of the tongue as he kept repeating: "There are no human rights in Uganda."

Nubians: As his pretty young wife, a former air force pilot known as Suicide Sarah, looked on in admiration, the towering strongman asked rhetorically: "How many dead people have you seen here?" (In fact, a visitor in the capital of Kampala had seen the body of a man the night before in the street just outside the International Hotel. He looked for signs of life, found none and quickly drove off. It might have been an accident, but in Uganda one does not stop to make inquiries.) Amin's two favorite sons—Moses, 8, and Mwanga, 4—yawned frequently during his speech. And despite the intimidating presence of the Ugandan President's praetorian guard of handpicked Nubians from the Sudan, the atmosphere was remarkably relaxed.

Although the level of life in Uganda is still well below what it was when Amin took power in 1971, the country has recovered a bit of ground in the past year. There were few cars on Kampala's streets a year ago, but now there

End of a love affair: Misha's husband loses his head (inset) as crowd watches in Jidda

OFF WITH HIS HEAD!

For months, reporters in the Middle East had been tracking a story that seemed to be half mirage: a beautiful Saudi Arabian princess and her commoner husband had been executed last year because their marriage defied her family's wishes. Last week, British newspapers finally printed the tale. London's Daily Express ran a splashy spread, with pictures taken by a British tourist who said he saw the executions and photographed them with a small camera hidden in a cigarette box. In the Observer, an unidentified correspondent reported that 23-year-old Princess Misha, one of 2,000 princesses in the House of Saud, had fallen in love with a young cousin of Saudi Arabia's ambassador to Lebanon. Despite warnings from her family that she must marry an older man of royal blood, Princess Misha—in-

fectured by Western ways—purportedly went ahead and married the man of her choice.

Many questions remained, including whether the Princess had violated Islamic law (the Saudis said she did or merely breached a family code against marrying outsiders. In any case, her grandfather, Prince Muhammad (nicknamed "Muhammad of the Two Evils" for his choleric temper and his addiction to alcohol), ordered Misha shot in the Jidda bazaar before her lover's eyes. Then the young man was beheaded not by an official executioner but by Muhammad's bodyguards, who took six strokes to sever the head. The executions struck most readers as barbarous, but eyewitnesses said there was one small saving grace: both victims had been heavily sedated before being killed.

then secluded spot near Inverness and Jiggled.

Mrs. Coggie was the next to die—because she knew too much, police sources suggested. Her body was found in a brook near Middlebie, Scotland, on Christmas Day. Suspecting suicide at first, authorities buried her in a pauper's grave. Soon, however, the police learned about the theft of Scott-Elliot's treasures and picked up the trail of Hall and Kitto. Two weeks ago, the pair drove a rented Ford Granada to North Berwick, a seacoast town east of Edinburgh, and checked into the Blenheim House Hotel. Hotelier Norman Wight became suspicious of the two flashy, fast-talking strangers and called the local police. In the trunk of the Granada, the constables found another body: Hall's brother Donald, who had recently joined the pair after his own release from prison. Donald Hall, who had been chloroformed

and suffocated, was the common-law husband of "Belfast Mary" and allegedly had been killed in an argument over dividing the spoils.

The next day, with Archibald Hall now acting as guide, the police began to search the Scottish countryside for more bodies, aided by dogs trained to smell human carrion. Near the Highlands area of Glen Affric, they found the body of Scott-Elliot under a snow-covered rhododendron bush, his features ravaged by hungry foxes. Mrs. Scott-Elliot's corpse was discovered in a brook in the remote village of Comrie. And in a shallow grave on the grounds of Lady Hudson's estate in Dumfries, police turned up the remains of David Wright. "It's all over now," sighed a weary policeman. "We've found them all." The full facts of the macabre story would have to wait for the trial of Michael Kitto and Archibald Hall.

—RAYMOND CARROLL with ANTHONY COLLINGS in London

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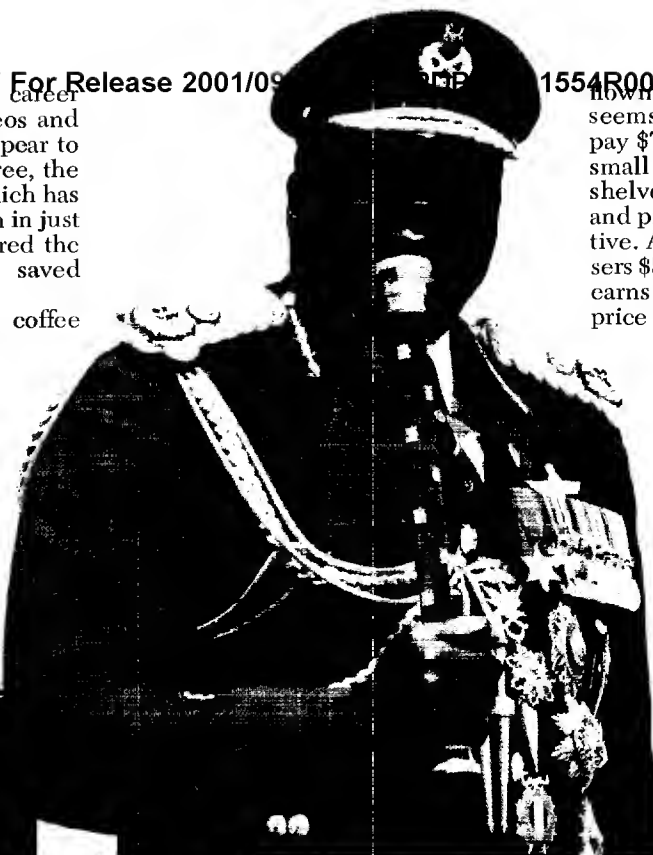
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are traffic jams. Army captains career around in flashy new Alfa-Romeos and Mercedeses, and more goods appear to be in the shops. To a large degree, the soaring world price of coffee, which has brought Uganda nearly \$1 billion in just more than two years, has bolstered the economy and quite possibly saved Amin's dictatorship.

Amin has been spending his coffee money with seeming disregard for the average Ugandan. He has bought thousands of cars and trucks, even though there are few good roads to run them on and the country is often short of gasoline. Luxury goods are

Amin, sons Moses and Mwanga watch a parade and tribal dancers: 'Don't be afraid'

Photos by Mohammed Amin



flowing into the country, and there seems to be no shortage of people able to pay \$75,000 for a new car or \$1,500 for a small portable television set. But the shelves of grocery stores are almost bare, and prices of ordinary items are prohibitive. A blanket costs \$118, a pair of trousers \$55 and a bar of soap \$3. Yet a laborer earns a mere \$1.37 a day—less than the price of a bottle of beer. Ordinary Ugandans survive only because 90 per cent of the 11 million people live on the land, growing the plantains, cassava and millet that are staples of their diet.

After seven years in power, Amin appears to have realized finally that he cannot take on the whole world and win. Foreign residents believe that his trusted British adviser, Robert (Major Bob) Astles, has calmed him down, even to the extent of persuading the mercurial Ugandan that he should stop sending goofy telegrams off to world leaders whenever he is in the mood. Foreign residents also say that they are experiencing less harassment. After expelling 40,000 Asians in 1972, Amin is now recruiting teachers, doctors and engineers from abroad, mostly Muslims like himself.

'More Goodies': For the time being, the country—one of the most beautiful in Africa—is peaceful. Yet I was told that Amin's control of the army has been slipping, despite the perks of land and duty-free whisky and television sets he has granted his officers. "Amin can no longer merely give an order to have it carried out," I was told in Kampala. "He often has to plead with the military, and provide them with more and more goodies in return for their support."

Despite the relaxed atmosphere at last week's parade, Amin is deeply worried about security. He seldom announces his movements in advance and changes the sites of his meetings frequently. His Nubian body-

guards are trained killers, and his secret service—the State Research Bureau—has agents everywhere. Often they wear dark glasses, bell-bottomed trousers and platform shoes, much like Haiti's Tonton Macoutes. Amin has eliminated thousands of Ugandans because they were a real or imagined threat to him, and he remains on the alert for new threats. Last week, I saw armored cars camouflaged with branches and leaves in the park opposite my hotel. Oddly, their guns were pointing right at the hotel, where the guests invited to Amin's celebration were staying.



February 6, 1978

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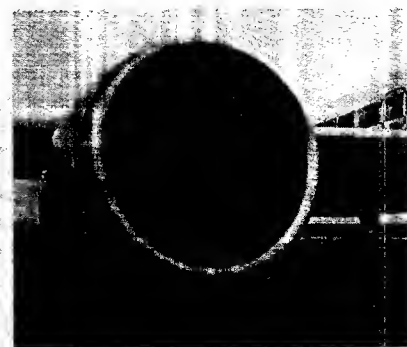


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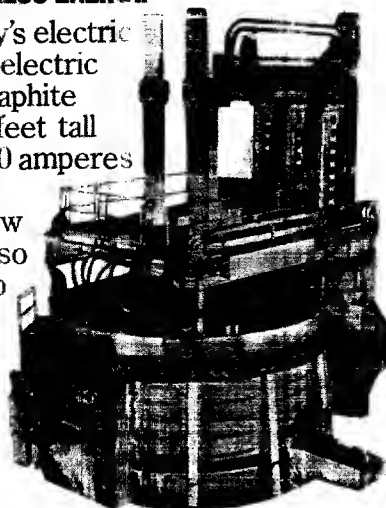
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Cooper, Yucca Flat test: 'I could see the bones in my hands like an X-ray'

Smoky's Fallout

In the chilly predawn of Aug. 31, 1957, Paul R. Cooper of the 82nd Airborne Division huddled with his hands over his face. Suddenly, there was a flash of brilliant light and an earth-shattering roar: several miles away a 44-kiloton atomic bomb mounted on a steel tower had detonated. Recalls Cooper: "I could see the bones in my hands like an X-ray." Cooper says his unit then marched over ground still hot from the blast to within 100 yards of ground zero. Last week, the test that Cooper witnessed raised new and ominous reverberations. Federal officials and a Congressional committee were urgently trying to find out whether Cooper and seven of his comrades had developed leukemia because of exposure to radiation during the blast.

The explosion, code-named "Smoky," was one of 24 tests conducted at Yucca Flat, Nev., during the summer of 1957. Among its objectives: to determine the physical and psychological impact of nuclear weapons on troops in the field. Cooper, then 23 years old, was among more than 3,000 soldiers, scientists and observers at the test. In 1976, he came down with leukemia and told his doctor about his previous exposure to radiation. When he filed a compensation claim with the Veterans Administration contending that his disease was the direct result of the Smoky test, his case came to the attention of the U.S. Center for Disease Control. At first, CDC's Dr. Glyn G. Caldwell viewed Cooper's claim skeptically.

Exposure: However, Caldwell subsequently uncovered seven more cases of leukemia among the 450 Smoky participants he has tracked down. In a group of 3,000 people with an average age of 22 in 1957, only two cases of the disease were expected to occur. Did the test cause leukemia? Caldwell and his colleagues will know only when they trace as many as possible of the men to determine what other radiation they may have been exposed to. If no other obvious explanation



U.S. Army

turns up, says Caldwell, even the eight cases discovered so far are probably statistically significant.

CDC's investigation won't be easy. Records of the soldiers—none of whom were volunteers—aren't complete and some were destroyed by a fire in St. Louis in 1973. Apparently, many of the men were not given radiation-film badges (used to measure individual radiation exposure) to wear during the test, and many of the issued badges are missing. Even more shocking to some of those testifying at last week's Congressional hearings is the fact that the Defense Department and the Atomic Energy Commission did little to follow up on the health of those participating in the tests.

How Much Is Safe? The issue ranges far beyond Smoky. Since 1945, more than 450,000 civilian and military personnel have been present at U.S. nuclear tests. And fallout could have exposed millions more living near test sites. The episode also raises the controversial question of how much radiation exposure is safe.

A higher-than-normal incidence of leukemia occurred among those exposed to large amounts of radiation at Hiroshima and Nagasaki. But it may be that doses now considered safe can also trigger the disease. Currently, the Department of Energy considers an acceptable level of exposure for the general population to stand at .5 rems per year, and 5 rems for people in jobs involving radiation.* A standard chest X-ray is .5 rems and a barium enema to detect cancer of the bowel is 5. The Defense Department claims the average exposure of the men at Smoky was only 1.25 rems, and Cooper's film badge was in this range.

*Rem means "Roentgen equivalent, man," a standard measurement of tissue damage caused by radiation.

Some experts are convinced that any amount of radiation is potentially harmful. Should the CDC investigation establish a link between Smoky and leukemia among eight ex-soldiers, the experts will have to revise their notions about exposure of the average citizen to radiation from medical and dental X-rays as well as nuclear-power plants.

—MATT CLARK with MARY LORD in Washington

M.D.'s and Hepatitis

Anyone receiving a blood transfusion runs a small but real chance of developing hepatitis. But according to a new survey, physicians working in hospitals are in even greater jeopardy than their patients. For doctors, in fact, hepatitis is an occupational disease.

A team of epidemiologists headed by Dr. Alexander E. Denes of the U.S. Center for Disease Control took blood samples from more than 1,000 physicians attending meetings of the American Medical Association. They then checked the samples for antibodies to the hepatitis B virus, a sure sign of previous infection. They found that 18 per cent of the doctors had experienced hepatitis, more than five times the rate for the general population.

The risk stems from exposure to blood or blood products—not to patients. Surgeons and pathologists, who frequently come in contact with blood and tissue fluids, had the highest incidence of hepatitis of any medical specialty. Since the hepatitis B virus is generally not transmitted from person to person except through contaminated blood products, the high level of the disease among doctors does not pose a threat to hospital patients.



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Strong Words, Weak Music

Jimmy Carter's economic program for 1978 won some rave reviews last week—but most of them seemed to be coming from his own Administration. "He's gotten things off on the right foot again," enthused one top aide. Outside the White House, however, the notices were decidedly less favorable. On Capitol Hill, both Democrats and Republicans were preparing to reshape the President's new tax plan. Business and labor leaders alike panned as naïve Carter's deployment of "moral suasion" to fight inflationary wage or price hikes. Perhaps the biggest disappointment for Carter was the lingering sourness in the busi-

ness world whose spirits Carter had hoped to lift with his budgetary tightfistedness and free-enterprise rhetoric in the State of the Union speech. "I'm beginning to like the words," said chairman John T. Connor of Allied Chemical, "but the music just doesn't sound right yet."

Jimmy Quixote? 'Moral suasion' might not do the trick

ness world whose spirits Carter had hoped to lift with his budgetary tightfistedness and free-enterprise rhetoric in the State of the Union speech. "I'm beginning to like the words," said chairman John T. Connor of Allied Chemical, "but the music just doesn't sound right yet."

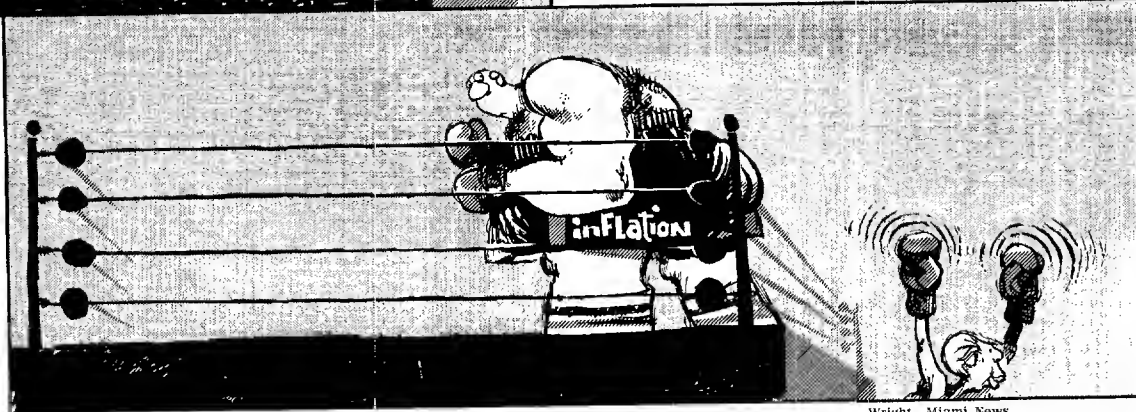
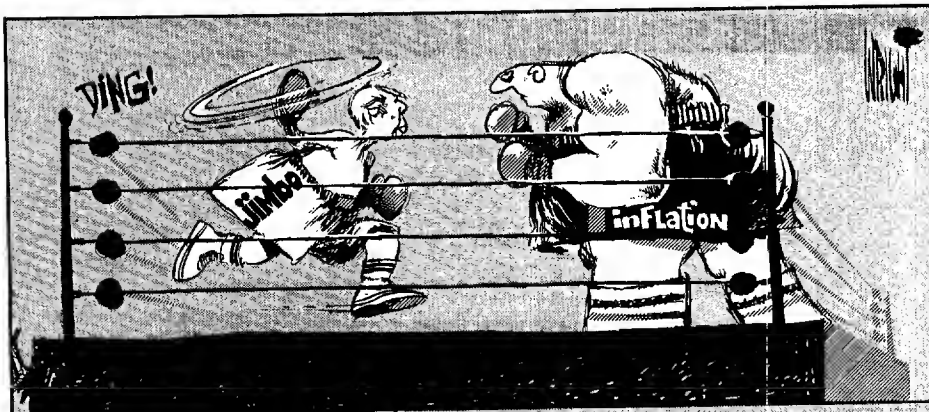
Carter's least-expected problem was a controversy over G. William Miller, the former head of Textron, Inc., who was named a month ago to succeed Federal Reserve Board chairman Arthur Burns. The White House had expected a fairly routine confirmation hearing before the Senate Banking Committee, with the only real flack coming from chairman William Proxmire over Miller's qualifications for office. But last week, half of Miller's six-hour hearing dwelled instead on another issue—a \$2.9 million payment by Bell Helicopter, a division of Textron, to Air Taxi Co., its longtime sales agent in Iran. The payment was made in 1973, Miller said, to terminate Bell's contract with Air Taxi and protect it from future claims. But at the time, Bell was negotiating a \$501 million

helicopter contract with the Iranian Government—and a part owner of Air Taxi, Proxmire claimed, was Gen. Mohammad Khatemi, the Shah's brother-in-law and one of three men with the final say in Iranian aviation purchases. Miller said he did not know of Khatemi's alleged interest in Air Taxi at the time—and that had he known, he would not have approved the \$2.9 million payment. Khatemi himself died in a hang-glider accident in 1975. But in the wake of the corporate bribery scandals in recent years, the committee was troubled enough to order its staff to investigate the matter, and NEWSWEEK learned that the

other aspects of his economic plan face mounting difficulties in the months ahead. Among his problem areas:

■ **INFLATION.** Perhaps the biggest storm of all is whipping up over Carter's version of jawboning—a plan to have top Administration officials consult with business and labor representatives and get them to voluntarily restrain price increases and wage demands. Both sides say they are prepared to listen, but both remain skeptical. To be effective at all, says economist Arthur Okun, "the President has to be willing to get into a fight and point the finger." White House officials stress that Carter and his Cabinet members will publicly denounce the bad actors when private moral suasion fails, but that approach could be self-defeating: as the jawbone bites, fearful businesses might raise their prices in anticipation of formal controls, assuring a new inflationary spiral. "It's a risk," concedes Du Pont chairman Irving Shapiro, himself a Carter supporter. "Guidelines start to evolve, and before you know it, you're moving down a different road."

■ **TAXES.** Chairman Al Ullman of the tax-writing House Ways and Means Committee wants to reduce Carter's net tax cut of \$24.5 billion; his opposite number, chairman Russell Long of the Senate



Wright—Miami News

Securities and Exchange Commission is now looking into the transaction as well.

Barring any damaging new information, it seemed certain that Miller would be confirmed, and Proxmire grilled Carter's nominee hard on the priorities he intended to set as the nation's chief money manager. Miller offered few clues beyond the promise to work toward "full employment and price stability," but unlike Burns, he seemed to give marginally greater weight to the former. That, of course, is what the Carter Administration seeks from a Miller-run Fed: a monetary policy that leans somewhat more against unemployment than inflation. But even if Carter gets what he wants from Miller,

Finance Committee, opposes the package's major "tax reform" elements. If Long gets his way, and the best guess is that he will, Carter would lose some of his revenue-raising proposals. Congress could compensate by trimming the size of the personal and corporate tax cuts, but in an election year, that's not likely.

■ **BUDGET.** It is more likely that the tax cut will grow, and if so Carter's proposed budget deficit of \$60 billion for the next fiscal year will also grow—unless his spending total of \$500 billion is dialed back as well. But that prospect is clearly far-fetched. Big-city mayors, with many Capitol Hill sympathizers, are already accusing the Administration of disre-

Russia's Oil Squeeze

cutting social programs—there is little extra money in the budget for cities—and the strong defense bloc in Congress will require for more than the 9.5 per cent increase that the budget allows. Carter's budget also underestimates spending on such "uncontrollables" as veteran benefits and revenue sharing, some congressmen charge. Chairman Robert Giaino of the House Budget Committee predicts that by the time Congress has completed its work, Carter's "tight" budget could carry a \$70 billion deficit.

TRADE. The Administration's strategy to get Japan to open its domestic market to more U.S. imports seems to be working. But the U.S. trade deficit will probably get worse before it gets better—undermining Carter's effort to shore up confidence in the dollar.

Carter's battle for his economic plan will begin this week when the House Ways and Means Committee opens hear-

ings. Winter in the western Siberian province of Tyumen is one of nature's nightmares. Temperatures drop as low as minus 58 degrees Fahrenheit—cold enough to freeze a human ear solid in minutes or turn metal so brittle that nails snap like pretzels. Summer is little better: the frozen flatland becomes a mucky swamp that spawns blizzards of mosquitoes. But hostile as this forbidding land is, it has made the Soviet Union the world's largest oil producer, bigger even than Saudi Arabia. The Russians have turned Tyumen after eighteen years of superhuman effort that brought concrete roads, oil rigs and pipelines, boom towns and traffic jams to a silent wilderness three times the size of Texas.

growing rapidly, or to limit exports to their allies in Eastern Europe and to customers in the West; or to compete with Western buyers for oil from the Mideast producers, putting incalculable pressures on the worldwide price.

Too Much Water: In large part, the Russians' problems at Samotlor result from a rush to reach peak production. To increase the flow of oil, they pumped water at high pressure into the Samotlor wells. The procedure helped, but only briefly. Now the fluid rising from the wells is 37 per cent water, which must be separated

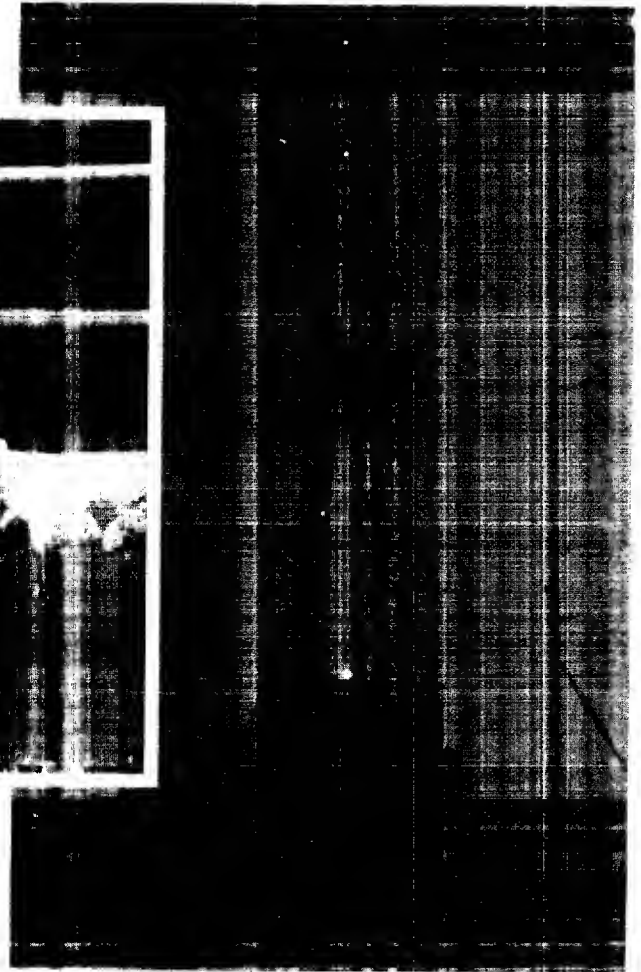


Coreman Kiselev (orange hat) and a Siberian drilling rig: An aristocrat among workers—and an oil field with an uncertain future

on his tax package. At the same time, the Administration is launching a fresh effort to gather support. Carter himself will start inviting groups of businessmen to meet-the-President sessions at the White House—and Treasury Secretary Michael Blumenthal will travel the chicken-and-peas circuit to hold nervous funds. Some businessmen already see a new Carter emerging. "When you reflect on the President a year ago and today," says chairman Reginald Jones of General Electric, "you can see he's come a tremendous distance." Jones, though, is a member of a singular minority group among prominent businessmen: he was an early Carter supporter. Most of his peers feel that Carter has a tremendous way to go.

MICHAEL RUBY with JOHN WALCOTT, HENRY W. HUBBARD and CHRIS J. HARPER in Washington

Today, the province faces an uncertain future, which is a source of concern for the West as well as the Soviets. Samotlor, Tyumen's largest field, produced 60 per cent of the province's output last year and 23 per cent of the national total of 10.4 million barrels a day. But during a recent visit by NEWSWEEK's Fred Coleman and other Western correspondents, Soviet officials confirmed for the first time that production at Samotlor is leveling off. It will peak at 3 million barrels a day next year and remain at that level for seven to eight years, and then decline—perhaps sharply. Unless the Russians can develop other fields to make up for the slowdown at Samotlor, they will face a serious oil shortage. They will be forced to cut oil consumption at home, which is



Photos by Fred Coleman—Newsweek

out, and the equipment on hand is sufficient only to process a 30 per cent solution. As Sergei Volikopolsky, the local Communist Party chief, explained: "Other fields in the Tyumen area presented more severe conditions, so we had to tap Samotlor oil at a greater rate. Now the others will have to make up for the decline at Samotlor. That will cost more, and we will encounter greater difficulties, but we will achieve our goal." Added a confident Yakov Kagan, Tyumen Oil Institute director: "Only 5 per cent of our territory has been drilled and our oil production will increase into the next century. If you have grandchildren,

you can send them. Approved For Release 2001/09/05 : CIA-RDP80B01554R002700390001-4

The Russians have already drilled 150 proven wells in the area, 25 of them now in production. They also hope to develop new fields south of Samotlor and north near the Arctic Circle, but the obstacles they face are enormous. It probably will be well into the 1980s before roads can be built over the winter snow and summer bog to carry heavy equipment to the northern site. And once there, drillers must reach 26,000 to 30,000 feet, three times the depth at Samotlor. The Russians are confident they can do the job—and given their accomplishments in Tyumen Province over the last two decades, there is no reason to believe they cannot. One indisputable monument to their efforts, certainly, is the

drops to minus 44 degrees Fahrenheit.

Kiselev and his crew work eleven-hour shifts five or six days a week in the bone-chilling cold, most of it in the dark or the arctic half-light. On the job site outside of town, he eats and sleeps in stark, poorly heated green barracks and shares an outdoor privy with fellow workers. But at home in Surgut, Kiselev is an aristocrat among Soviet workers; he owns a Zhiguli, a Soviet-built Fiat; has \$21,000 in savings, equivalent to eight years' pay for the average Soviet worker; pays \$6 a month for the three-room apartment he shares with his wife—a native of Surgut—and their two daughters, and takes the family on a two-month vacation every summer on the sun-splashed Black

The main thing for me is the romance. As the years go by, the romance only increases." By romance, Martinov meant adventure rather than women; as the band played on, he and other men at the table rose to dance together, ignoring a group of girls sitting nearby.

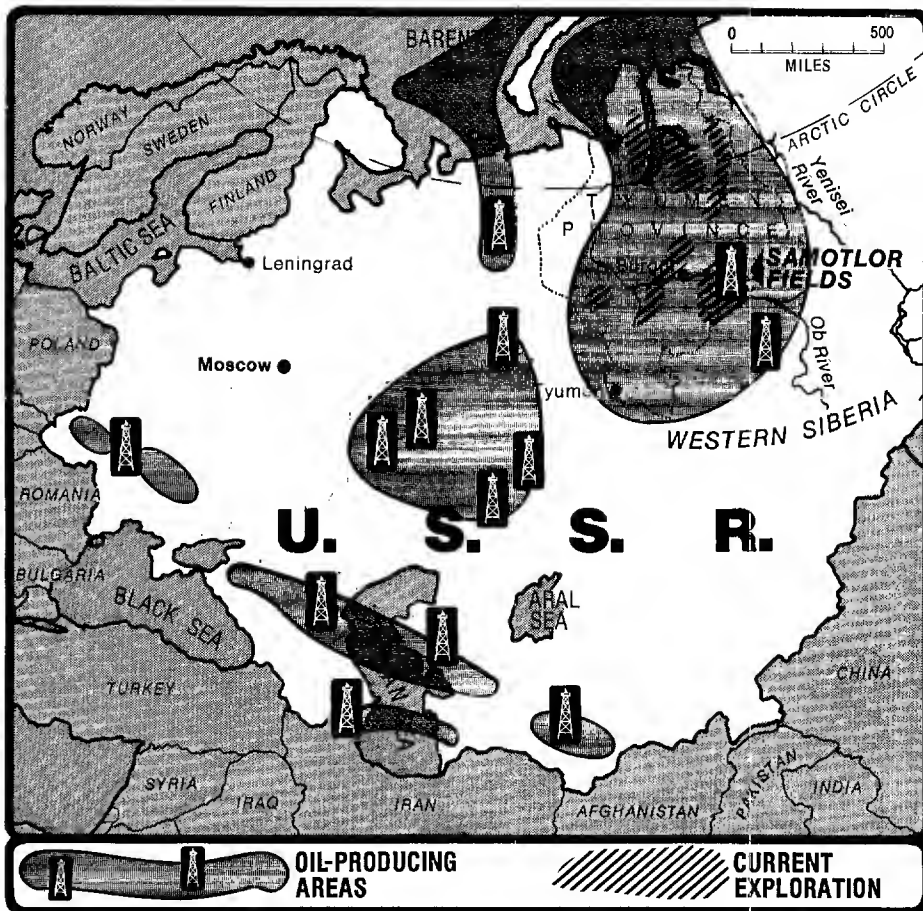
But when the spirit moves them, there is ample opportunity for the Russian oil-field roughnecks to enjoy conventional boy-meets-girl relationships. Once all male, Surgut is now 40 per cent female. "You know," Soloviev summed up, "we go home and bring back the latest records, the latest clothes. We have everything here," pointing to the Surgut version of a Western light show—a single spotlight blinking across the darkened café. "You see, we're not behind the rest of the world at all."

If the Russians reach their production goals, the fields around Surgut and other western Siberian towns will be producing fully half of the nation's oil—or 6.6 million barrels a day—by 1980. But to hit that target, they will have to overcome tremendous problems of supply, transport and construction. It costs \$2 million to build 1 mile of arctic highway, and the area needs an estimated 100 miles of new road each year—twice what the Soviets say they're now averaging—if drilling rigs are to reach the northern fields on schedule. They have also neglected exploratory drilling in order to keep their rigs operating in proven fields, and they need sophisticated new equipment to improve recovery rates still further by using high-pressure gas to force oil from underground. The Soviets hope to buy such gear from the United States and other countries, but they will be hard put to come up with the foreign exchange to pay for it, particularly if they must continue to import grain.

CIA Error? The most pessimistic overall analysis of Soviet oil prospects comes from the U.S. Central Intelligence Agency. It has concluded that because of shortfalls in projected western Siberian output, the Soviets will be forced to import 2.7 million barrels of oil a day by the mid-1980s—enough to put a strain on free-world supplies and prices. But most experts at Western embassies in Moscow call the CIA's conclusions *overdrawn*. They point out that the Soviets have set more realistic targets for production and consumption since the CIA report was compiled and should be able to come close to their 1980 production goal of 12.8 million barrels a day.

Soviet statistics on oil production, consumption, and proven and unproven reserves are so sketchy that no Westerner really knows what might happen. Even Soviet experts profess to be somewhat unsure of their prospects. "I haven't seen the CIA report," Tyumen oil-development chief Aleksei Kuvshinov told American reporters during their visit. "The next time they have anything to say, send me a copy."

—TOM NICHOLSON with FRIED COLEMAN in Tyumen



Penza & Freyer

Samotlor development. Equally striking is the city of Surgut, 375 miles north of the provincial capital of Tyumen City, and the oilmen who are based there.

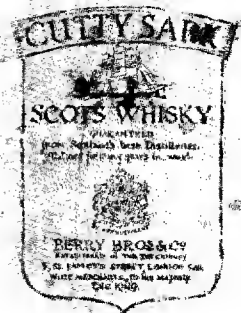
Boom Town: A little over a decade ago, Surgut was hardly more than a marshland settlement. Today, it's a boom town, with 81,000 people, four movie theaters, six hospitals, paved roads, drunken street brawls on payday—and plans to grow to 340,000 by the end of the century. Alexander Kiselev, 35, a burly drill-rig foreman, is typical of the hardy workers who built this town, where members of the local Walrus Club chop through the ice of the Ob River for a midwinter swim in water as cold as minus 22 degrees Fahrenheit and work

Sea coast. Still, Kiselev insists he came north for patriotic rather than financial reasons. "I owe the state something," he told NEWSWEEK's Coleman. "The state educated me, I've always lived in it and now I'm paying it back."

Money: Yet there's more involved than self-sacrifice. At the appropriately named North café one evening, Sergei Soloviev, 25, a driller from Moscow, and his friend, Aleksei Martinov, were relaxing with a glass of Vietnamese lemon brandy while a band was blasting out "Money, Money, Money, It's a Rich Man's World," a Western European hit. "The main reason you come here," Soloviev insisted, "is to test yourself against the north and see if you can make it. That means as much as high

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Crisis in the Liberal Arts

Gentlemen, you are now about to embark upon a course of studies which will occupy you for two years. Together, they form a noble adventure. But nothing that you will learn in your studies will be of the slightest possible use to you in afterlife—save only this: that if you work hard and intelligently, you should be able to detect when a man is talking rot, and that, in my view, is the main, if not the sole, purpose of education.

Former British Prime Minister Harold Macmillan was fond of quoting those remarks from one of his professors at Oxford. To his mind, they neatly illuminated the value of a liberal-arts education. A century ago, few would have disagreed. The liberal arts constituted the whole of the college curriculum, and the purpose of the program was clear: to school what was then an elite class of students in the rich heritage of classical science, philosophy and art.

Since then, however, higher education has undergone a formidable transformation. The explosion of knowledge and technology has forced colleges and universities to expand their offerings to a smorgasbord of studies—from biometrics to textile engineering—that would set the Renaissance mind areeling. At the same time, the old requirements for broad study have all but disappeared, replaced by preprofessionalism, specialization and a general sense that college students should be allowed to study whatever they please. In the view of many academics, the result is a crisis in undergraduate education: a loss of intellectual rigor, coherence and sense of purpose. At least half a dozen schools—including Harvard, the oldest U.S. college—have gone back to the curricular drawing boards in an urgent attempt to design programs that will ensure that their students get a good education.

Survival: A new report on the college curriculum by the Carnegie Foundation for the Advancement of Teaching calls general education “a disaster area”—and no wonder. Since 1970, about 80 liberal-arts colleges have gone out of business, no longer able to convince prospective students and donors that their broad studies were relevant to a technological world or useful on the job market. In the past few months, two schools famous for experiments in liberal education, Franconia and Kirkland colleges, have lost the battle for survival.

Meanwhile, many colleges and universities have trimmed foreign-language

studies, the classics, English, history and art to make room for preprofessional training for would-be doctors, economists, managers and engineers. By 1976, 58 per cent of U.S. undergraduates were majoring in professional studies such as business administration—a jump of 20 per cent in just six years. Even at the most prestigious schools that were once bastions of broad, humanistic education, student interest and professorial commitment have flagged. At Harvard and Radcliffe, there were 626 English majors in 1970, compared with only 358 this year. Berkeley's humanities enrollments

sky, dean of Harvard's Faculty of Arts and Sciences, confessed to “an increasing sense of unease” when each year the Harvard president welcomes new graduates “to the company of educated men and women.” The phrase, said the dean, “makes sense to me only if it expresses our belief that their mental skills and powers have met a reasonable standard.” Perceiving no such standard in Harvard's free-for-all undergraduate program, Rosovsky appointed seven faculty task forces to grapple with curriculum reform. One of the committees has already produced the disturbing opinion that “the Harvard faculty does not care about teaching” undergraduates. When they do teach, says fine-arts Prof. James S. Ackerman, they frequently narrow the scope of their courses to suit their own specialized interests. “A professor thinks he should give a course on what he's



Rick Smolan—Stock, Boston

Graduation at Pennsylvania's Dickinson College: Back to the drawing board

have dwindled in similar fashion, while the number of economics majors rose by 70 per cent between 1971 and 1976.

According to many critics, the danger is that the “best educated” leaders of future generations may turn out to be narrow specialists with little understanding of the general culture and few grounds for common discourse. Modern educators have lost “their common sense of what kind of ignorance is unacceptable.” So say Columbia University professors Robert Belknap and Richard Kuhns in a recent study of general education. “Different professors have different horror stories,” point out Belknap and Kuhns. “Students reading Rabelais's description of civil disturbances ascribe them to the French Revolution. A class of 25 had never heard of the Oedipus complex—or of Oedipus. Only one student in a class of fifteen could date the Russian Revolution within a decade.”

In the summer of 1976, Henry Rosov-

writing a book about,” he complains.

Harvard's pedagogical task force recommended a new emphasis on undergraduate teaching and the establishment of a special center to coach professors who aren't very good at it. It is unlikely that the task force will recommend a return to the “great books” approach, which required every student to study certain works deemed essential by the faculty; there is too little consensus in the highly diverse Harvard of today. But, says Rosovsky, “we must ensure that the student of English has had other dimensions to his education, and the same for the student of physics or chemistry.”

'Abdication': DePauw University in Greencastle, Ind., is also reforming the undergraduate curriculum. The university plans to restrict the time students may spend specializing in any one field, and to impose new requirements for broad study of the arts, sciences and intellectual history. DePauw president

Harvard Rosser argues that American educators have been scandalously timid about insisting that students meet any standards at all. "We've had an abdication of authority by people who should know better—the faculty," he says.

Some colleges are experimenting with a new form of interdisciplinary education in the first two years. At Kenyon College in Gambier, Ohio, a two-year "Integrated Program in Humane Studies" brings 40 students together in a series of lectures, seminars and tutorials taught by faculty members representing the entire spectrum of the curriculum. The program is organized around broad themes (e.g., "The Human Predicament," "Nature") and requires wide reading of classic and modern works. In any given year, a biologist, a theologian and a physical scientist might debate the influence of Darwin, or an artist and an econ-

omist, for example, is encouraged to sell his expertise in handling people. Elsewhere, college officials point out that many Americans make several career changes during a lifetime; the well-rounded liberal-arts graduate, they argue, will find the shifts far easier than the narrowly trained.

In the view of Olin Robinson, president of Middlebury College in Vermont, many more liberal-arts colleges will probably have to close their doors. Students and parents will continue to press for quick economic returns on college degrees, and committed academics will have to keep up the effort to define what general education means in a highly complex world. "I think that liberal education will remain an integral part of American higher education, but it will be a tough struggle," says Robinson. "There will be fewer purely liberal institutions, and society will suffer for it."

Reform: More optimistically, Robinson thinks that the sprawling American universities may soon look to the strong liberal-arts colleges for clues on how to make sense of undergraduate education. But reform will not be easy. For one thing, university faculties are just as specialized as their students, and fiercely jealous of departmental integrity—an obvious obstacle to strong interdisciplinary programs at many schools. For another, it is not at all clear what a "good education" is in the twentieth century. It is arguable, for example, that the well-educated modern American should be conversant with computers as well as with the classics, and know something about macroeconomics as well as music.

Is it possible to design a single undergraduate curriculum that strikes the perfect balance? Probably not. But according to many critics, what is crucial in the current reappraisal at Harvard and other schools is recapturing the intellectual values that underlay the classic liberal-arts program. "The highest ideal of the liberal education is discriminating between good and bad," says John Duggan, president of St. Mary's College in Notre Dame, Ind. "The trick is to develop the fundamental powers to understand, to distinguish a good idea from a bad idea, a good Congressional bill from a bad one, a good piece of writing from a bad piece—to read critically, think critically and write cogently." Those are useful skills in any age, and unless higher education demands their development, future generations of college students may be doomed to learn more and more about less and less.

MERRILL SHEILS with JON LOWELL in Detroit, RICHARD MANNING in Boston, SYLVESTER MONROE in Chicago and bureau reports



Benjamin Chavis - mother (above) weeps.

Decision on the Ten

Gov. James B. Hunt commandeered a statewide television network last week to speak to the people of North Carolina. On his desk lay transcripts of the trial of nine black men and a white woman held in the tidewater city of Wilmington six years ago. "I have concluded that there was a fair trial," the 40-year-old governor said calmly. Still, the sentences meted out to the defendants were too harsh, Hunt said, and he arbitrarily reduced them. With that compromise, the governor hoped to end what has become the international *cause célèbre* of the Wilmington Ten. But Hunt conceded that his decision might satisfy neither side—and he was right.

The Wilmington Ten, according to Amnesty International, are the most prominent "political prisoners" in the U.S. They were convicted of fire-bombing a white-owned grocery store in Wilmington during rioting that followed a civil-rights protest in 1971. After exhausting their appeals through the U.S. Supreme Court, the ten went to jail in 1976. Then the three principal witnesses against them, all young blacks, recanted their testimony, announcing that they had been threatened and bribed by the prosecutors. Later, one of the three changed his story again, declaring that he had told the truth at the trial.

Parole: The tainted testimony spurred a growing number of church leaders, congressmen and civil-rights activists to seek a pardon from the governor. When a second round of court appeals failed, Governor Hunt and his staff spent hundreds of hours researching the case. Refusing any pardons, the governor reduced the minimum jail sentences, which ranged from 20 to 25 years, by at least seven years. This will allow eight of the men to be paroled by the end of the summer (the woman, who received a lesser sentence, is already on parole). But the group's leader, United Church of



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...died a century ago: How to know rot

...st contribute insights on nineteenth-century literature.

When the most passionate believers in liberal-arts education admit that they are overpressed to sell it to students who are terrified of not making it in a competitive, highly technical world. And the students' fears are quite reasonable. A recent survey by Michigan State University showed that 60 percent of the employers who came to the campus to conduct interviews were simply not interested in seeing liberal-arts or social-science graduates. "We still talk to the exceptional student, regardless of his major," says a personnel expert for one of the big-three automobile companies. "But I wouldn't want to be a liberal-arts graduate with less than outstanding grades."

Shifts: Advocates of the liberal arts are beginning to fight back against the incursions of vocationalism. At the University of Michigan, doctoral students in non-technical fields are getting counseling to help them overcome the hostility of employers. A man with a degree in psychol-



Scott Stewart

... and her son charges racism after the governor refused a pardon

Christ minister Benjamin Chavis, will not be eligible for parole until 1980.

The governor's decision infuriated activists on both sides. "There is no justice for black people in North Carolina," Chavis said. "We have been nailed to the cross of repression." The group's lawyer, James Ferguson, called the decision "a crass political appeal to the basest instincts of the people." On the other side, dozens of furious whites flooded a Wilmington television station with racially abusive telephone calls when the station interviewed the mother of one of the defendants after the governor's speech. Wilmington's mayor, Ben Halterman, may have spoken for the broad middle ground of North Carolinians when he said, "I think [Hunt] made the best choice he could have made under the circumstances."

The effect of the decision on both Hunt and the Wilmington Ten remains unclear. Elected as a progressive "New South" governor in 1976 with heavy support from blacks, Hunt hopes that his compromise will appeal to a majority of the electorate. Supporters of the Wil-

lington Ten vow to continue their struggle. Chavis wants nationwide demonstrations at Easter to dramatize their plight. The Congressional Black Caucus will ask President Carter to intervene. More practically, lawyers have already asked a Federal district court for a writ of habeas corpus on the ground of alleged "false testimony." What Governor Hunt described as his "definitive and final" decision may turn out to be neither.

—JERROLD K. FOOTLICK with bureau reports

Police Myths

Patrick Vincent Murphy grew up in a family of Irish cops. As a young patrolman pounding a beat in Brooklyn, he ingratiated himself in the Italian-American neighborhood by asking the women for their favorite pasta recipes. By the time he was 42, he became a deputy inspector in New York City, and during the next decade, he headed the police departments of Syracuse, N.Y., Washington, D.C., and Detroit. In 1970, he went home as police commissioner to reform New York's "finest" just as the Knapp Commission was

about to reveal the well-insulated layers of corruption in the NYPD. Now, Murphy has written a book called "Commissioner: A View From the Top of American Law Enforcement,"* and his thesis can be simply stated: most of what cops and ordinary citizens believe about policemen and their craft is myth.

Murphy will anger the police Establishment with this book. Irish cops off the beat are supposed to play by the rules and leave the reform to criminologists, but Murphy never has played by those rules. His book is less a mem-

*With Thomas Plate. 280 pages. Simon and Schuster. \$10.95.

oir than a text illustrating the bad and good of policing, and he spares no icons. The legendary big-city detective, he says, is a fraud. The FBI concentrates on easy cases and ignores the tough ones. Vaunted police technology not only is expensive, but often is counterproductive. Murphy may not always be right, but he has become acknowledged as a leading police reformer, and the reason is that what he says usually makes common sense.

Mystique: Murphy, who is now president of the Police Foundation, savages "the detective mystique." Citing a Rand Corp. study, he argues that detectives crack only one in twenty cases. Indeed, it's the cops on the beat who solve most crimes; principally with the help of civilian witnesses. According to Murphy, detectives often employ glamorous but virtually useless techniques. Dusting for fingerprints looks good on television, but the number of cases broken by fingerprint identification is "minuscule," and cops privately laugh at the method. "The truth about detectives is that ... they are not likely to be effective police officers," he says. They spend much of their time in bars, supposedly seeking information, or buttering up politicians and the press, which gives them strong allies when they need to resist reform.

It's hardly new to criticize J. Edgar Hoover, but Murphy's analysis focuses less on Hoover's personal quirks than on the FBI's "suspiciously selective" brand of law enforcement. "Hoover put his money on such easy winners as kidnapping, where the criminals were usually dumb and clumsy, and the crime was susceptible to solution within a short period," Murphy writes. "But the secret truth was that Hoover was deathly afraid to involve the bureau in such areas as gambling control, narcotics enforcement, and other syndicated rackets because he feared that these were battles he could not win."

Closed Doors: Modern police techniques separate the cop from the citizen, Murphy laments, even the patrol car and the two-way radio. They have eliminated "the friendly style of policing that extended naturally when officers walked among the people"; instead, cops patrol from behind closed doors, on wheels, in communication with the outside world through a windshield and by radio.

Murphy offers a variety of suggestions to cut the crime rate, including better police management, but essentially his prescription for improvement remains quite simple. He wants a strengthened alliance between cops on the beat and neighborhood people, "because the police depend so much on citizens to help them accomplish their task ... Ideally, there could come a day when each neighborhood will have its own identifiable police officer playing the leading role in managing the control of crime." Most citizens obey the law and most cops honestly enforce it. Together, says Murphy, they would be nearly unbeatable.

—JERROLD K. FOOTLICK

Murphy, undercover cop: 'The friendly style'

UPI



February 6, 1978

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2001/09/05 : CIA-RDP80B01554R002700390001-4

A Burst of New Ballets

In every performing art, works that are about the art of performing offer a special insight, like a curtain parted. The three new works in the current season of the New York City Ballet share the uncommon denominator of being about performers. Two of the three are by the master, George Balanchine. The third is the first choreographic effort by the company's Great Dane, Peter Martins, one of the world's two or three most important male dancers.

Surprisingly, Martins has chosen a selection of short

tion points. She's the eternal lady of the circus, blending sex with lyricism and comedy. She and Duell dance together in the last two sections, where they become amateurs who seem trapped onstage by unforeseen circumstance. Suggesting that they are making up their duet as they go along, they get it all (including recollections of "Swan Lake") hilariously wrong—and right.

In Balanchine's new "Ballo della Regina," the dancers belong to a court and perform as if before royalty. The score is the ballet music from Verdi's "Don Carlos," which Balanchine transforms into a

mediate steps. At the end, Balanchine pulls on the reins, ringmasterlike, and Ashley and Weiss lead a courtly procession that does reverence to us—the unseen royal spectators.

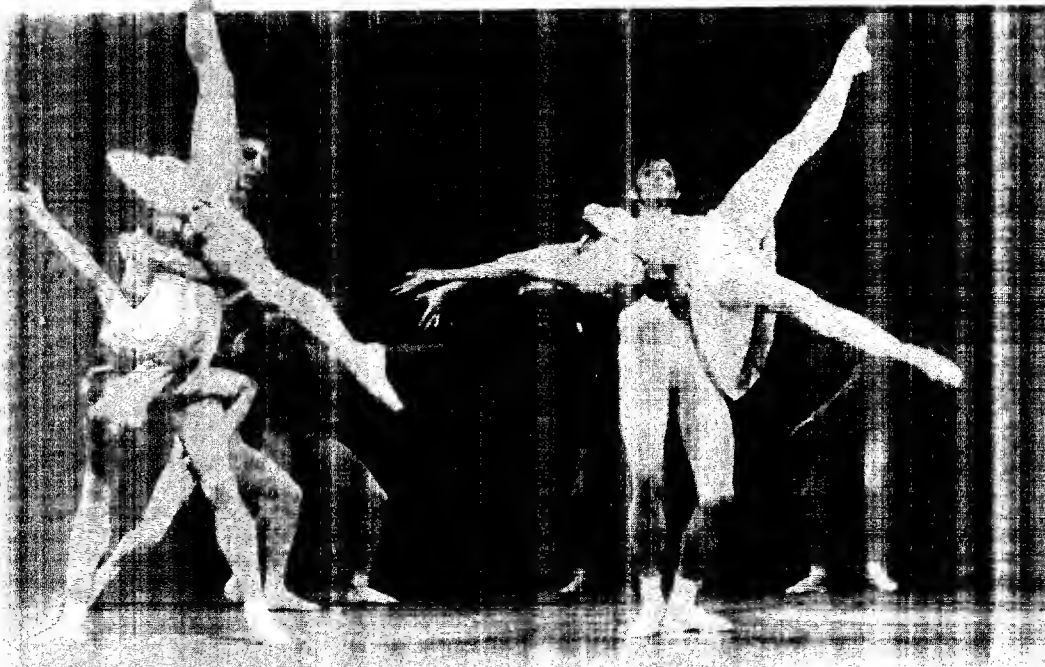
Balanchine's newest work, "Kammermusik No. 2," is a dramatic advance along the frontiers of dance, taking its place beside such ballets as "Agon" and "Violin Concerto." Like those masterpieces, both set to Stravinsky, it is a settlement in new territory—not a scouting expedition. Like its predecessors, the new work is marked by discontinuous rather than flowing dance movement; its style is primordial rather than sophisticated. Its use of twitching limbs, angular poses and nervous pulsation is an attempt to reflect the complex rhythms and intensities of the 1924 score by Paul Hindemith. A concerto for piano and twelve solo instruments, Hindemith's music was written in reaction against the lush sonorities of large-scale romantic music. "Kammermusik No. 2" is linear, austere, witty, elusive both tonally and metrically, and it reaches back past romanticism to the baroque for its dense and contrapuntal textures.

Judolike Slashes: Balanchine's choreography is also about performers. Here, these dancers are involved in religious rites. At times they specifically conjure up images of Far Eastern dancers with bent knees, flexed ankles and splayed hands. The male corps of eight dancers, in its decisive militancy, clenched fists and judo-like slashes, represents a strong unbending orthodoxy. In the fast, driving first movement, that creed is endorsed by the two female dancers, Karin von Aroldingen and Colleen Neary, who come out like vestal virgins, laminal in their fierce gyrations.

But in the long, slower second movement, the entrance of two men, Sean Lavery and Adam Lüders, prompts the women to defect. Fierce antagonism develops between the two couples and the corps. Spontaneity confronts ritual, freedom opposes restraint. The battle becomes climactic in the last movement when the soloists' intensity their pulsations, until the male chorus surrenders, kneeling, heads bowed on the floor, as the curtain falls.

Even for Balanchine it's an extraordinary work. Its bistering intensity never subsides. There is an almost unbearable tension generated by the dancers as they vacillate between the demands of tradition and their urge to rebel. It also suggests that Balanchine has broken new ground: "Kammermusik" may be his first plotless ballet to express overtly extramusical ideas. He is, after all, the archconservative, the living embodiment of the imperial Ballet tradition. Yet this is unquestionably a work that celebrates freedom and unorthodoxy. It is as if Balanchine is reacting against those who would try to freeze him in a cool, classical mold. But there's a hot Balanchine, too, and this is it.

—HUBERT SAAL



Aroldingen and Lavery, Neary and Lüders in "Kammermusik" Defector

works by that rugged Yankee individualist Charles Ives as his musical inspiration. "Calcium Light Night" (the title is taken from one of the Ives pieces) is a series of solos for Heather Watts and Daniel Duell, culminating in a theatrical pas de deux. In the pace-setting and emblematic march "The See'r" (1913), emotional, contradictory, raucous piece, Duell turns himself into a George M. Cohan, a clownish, impudent Yankee Doodle Dandy, salting his movements with echoes of vaudeville in its heyday—a bit of nonchalant soft-shoe, jaunty tap dancing, a burst of flamboyant back and wing.

Filigree: Watts seems to belong to the circus. She comes on as that scantily dressed coquette who amazes us by turning out to be a tightrope walker. In contrast to Duell's openness, her work is as delicate as filigree. Yet she seems to live on the far edge of control, dancing in capital letters punctuated by exclamation

grand divertissement danced by sixteen girls and a pair of soloists. But he isn't left the music's operator, trapping behind. In the work's progression from one explosion of pyrotechnics to the next, Merrill Ashley and Robert Weiss are like a coloratura soprano and lyric tenor, she showing off her fioritura and he his high C at every turn.

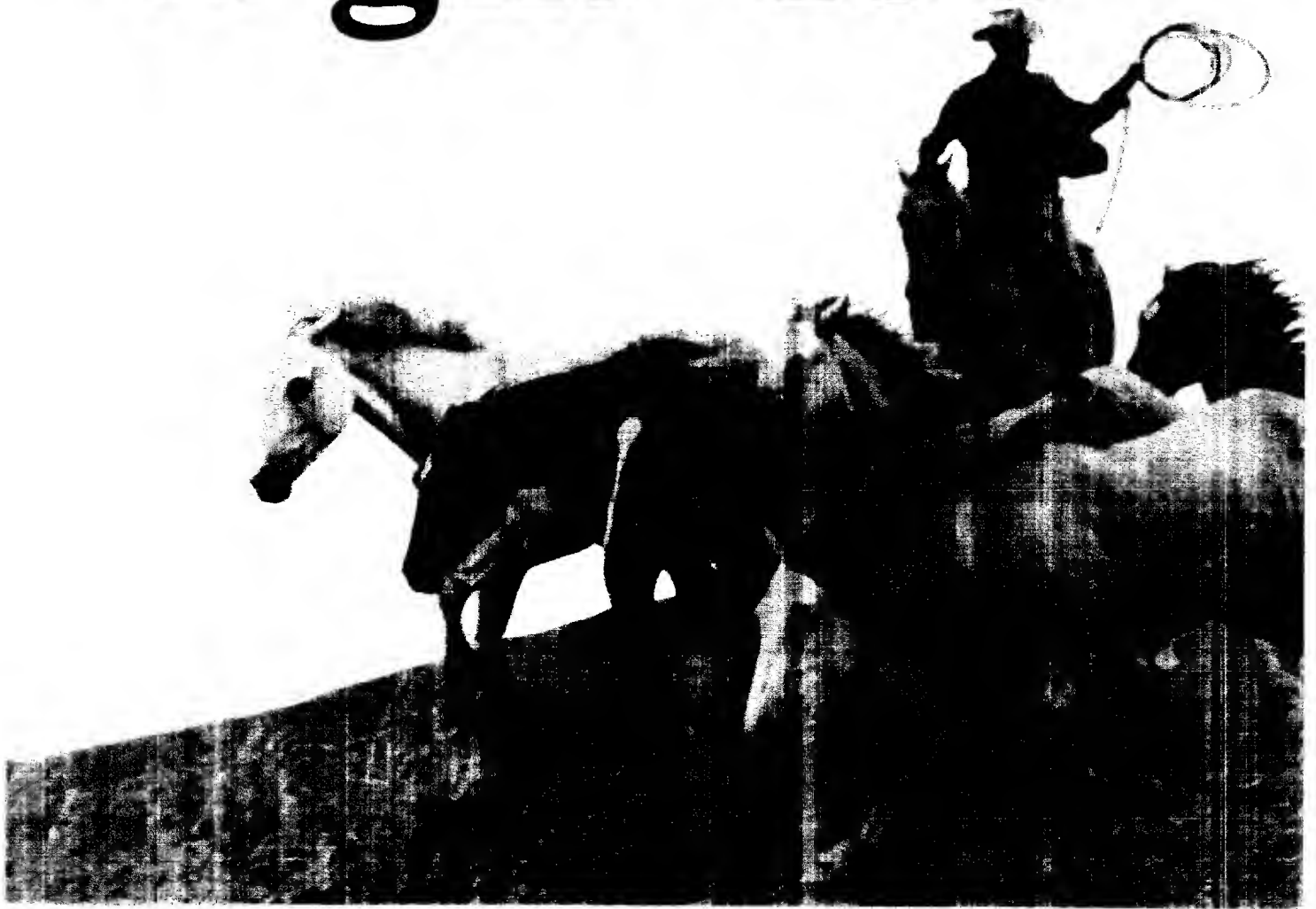
Mercurial Changes: Balanchine has given each of them plenty of turns. He challenges Weiss's agility and nervous energy with mercurial changes of pace, vaulting leaps and midair splits. To rival Ashley he's ruthless, demanding that she recite the whole vocabulary of dance—jumping, spinning, bending—all speeded up. With her combination of strength, dexterity and control, Ashley is becoming one of the company's leading dancers. She possesses a remarkable facility for rising in the air and turning in space, and for accelerating or throttling down without going through the usual inter-



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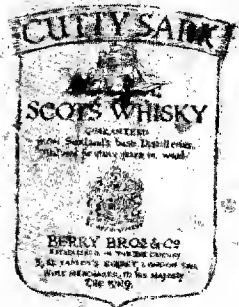
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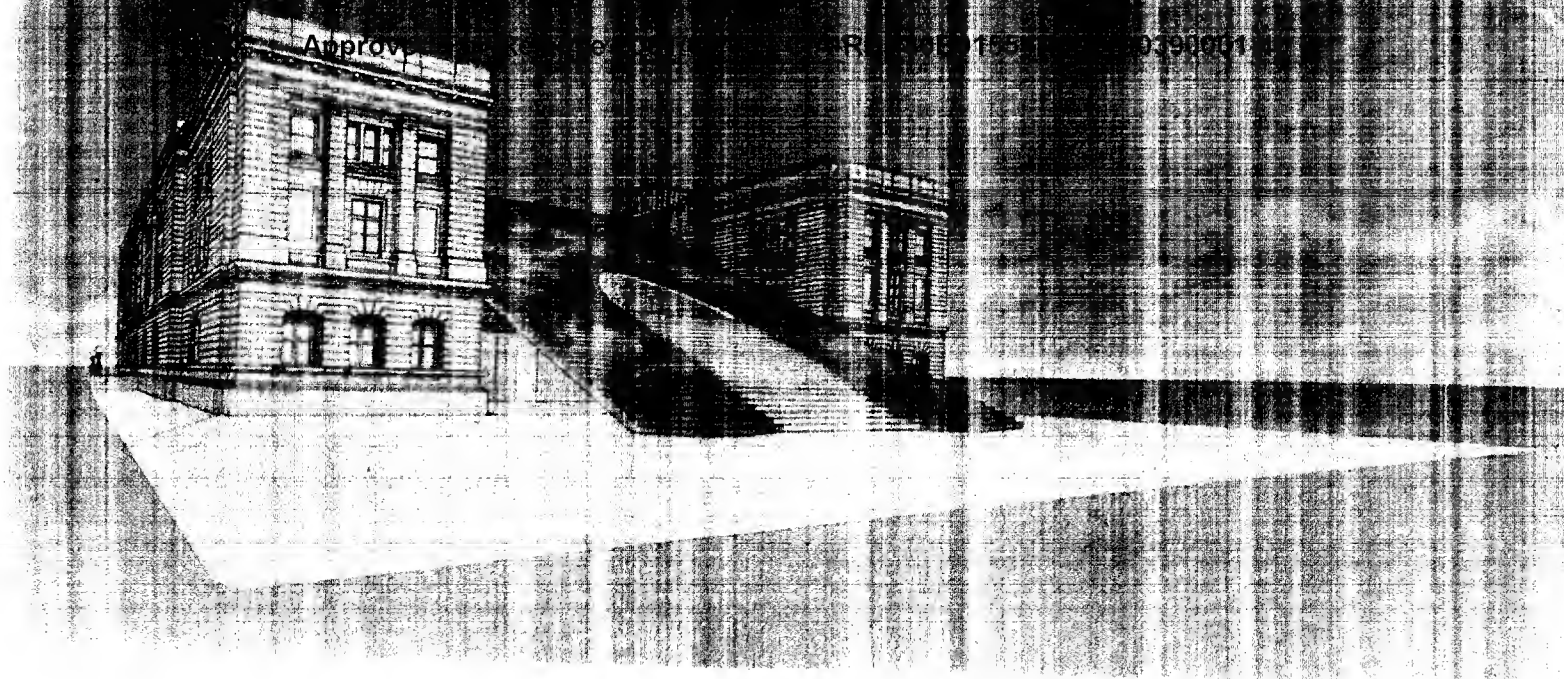
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Ambasz's plan for renovating an art center in Grand Rapids: A flight of fancy as if building itself had been forgotten

Paper Buildings

Until recently, the architectural drawing has been the ugly duckling of art, scorned by many architects themselves as mere scribbles. One of the striking exceptions was Le Corbusier, the brilliant Swiss-French architect who helped launch the entire modern movement in the '20s. He was a painter as much as an architect—a man who painted every morning for years and once said: "I prefer drawing to talking. Drawing allows less room for lies." In part, he valued his drawings as precious records of the creation of his ideas, of great battles won or lost. He sketched all the time in pencil, pen and pastel, changing his mind about his building projects as he went along. Late in life, he found an old ink sketch for his famous Stein House, a cool white symphony of forms, which became the first successful cubist-modern house in 1927. To confirm the importance of the humble drawing, he wrote at the bottom: "This document expresses the first blooming... the first cycle of a new architecture... This document is decisive evidence."

New Wave: This sketch is now on view at the Museum of Modern Art in New York, along with 84 other drawings by the master. The long-awaited Le Corbusier show, culled from the archives of the Fondation Le Corbusier in Paris, has arrived in the midst of an unprecedented wave of interest in architectural drawings of every kind, new and old.

In Philadelphia, the Institute of Contemporary Art is

showing a collection of vanguard drawings and models by seven well-known living architects, an exhibit that originated at the Leo Castelli Gallery in New York last fall. The Otis Art Institute in Los Angeles has unveiled a display of equally adventurous works entitled "Drawing Toward a More Modern Architecture," which was organized in New York by the Cooper-Hewitt Museum and the Drawing Center. In Florida, the Jacksonville Art Museum is about to launch the national tour of "200 Years of American Architectural Drawing," a landmark exhibition mounted by the Architectural League of New York and the American Federation of Arts.

Much of the impetus has come from a generation of young architects who are drawing with a joy and abandon that exceeds even the creator of Roucharap

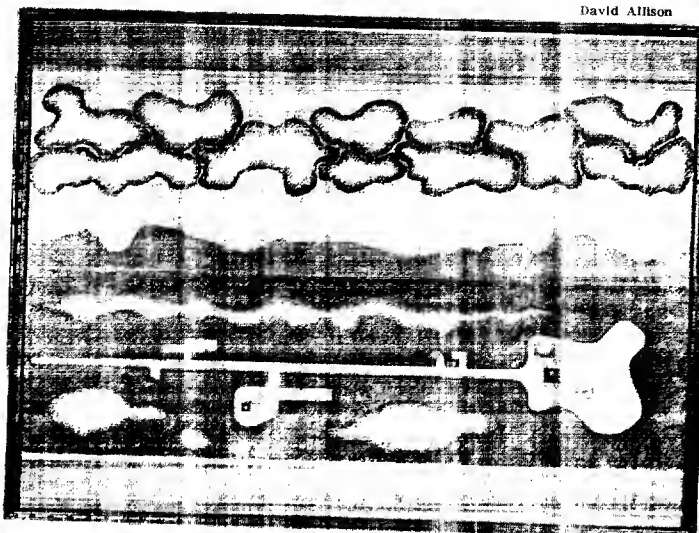
and Chandigarh. No longer a plain grid plotted with rigid, correct lines, the architectural drawing is fitted out these days with vibrant colors, free-flowing lines, collaged photographs and—often—a handwritten text that horders on whimsy and poetry. In place of Walter Gropius's indifference to drawing and Mies van der Rohe's preference for three-dimensional models—"real" objects instead of imaginary plans on paper—there is a belief in drawing so passionate it sometimes seems as though building itself has been forgotten. For an architect like Emilio Ambasz, who has proposed a fancifully inclined translucent roof to intersect the two 1908 wings of the Grand Rapids art center, this is vividly the case. The ugly duckling is now the prize art object of the season.

High-Spirited: Why this sudden reversal? Architect Robert A.M. Stern, who is one of the organizers of the Los Angeles exhibition, explains that much of the new "post-modern" architecture is

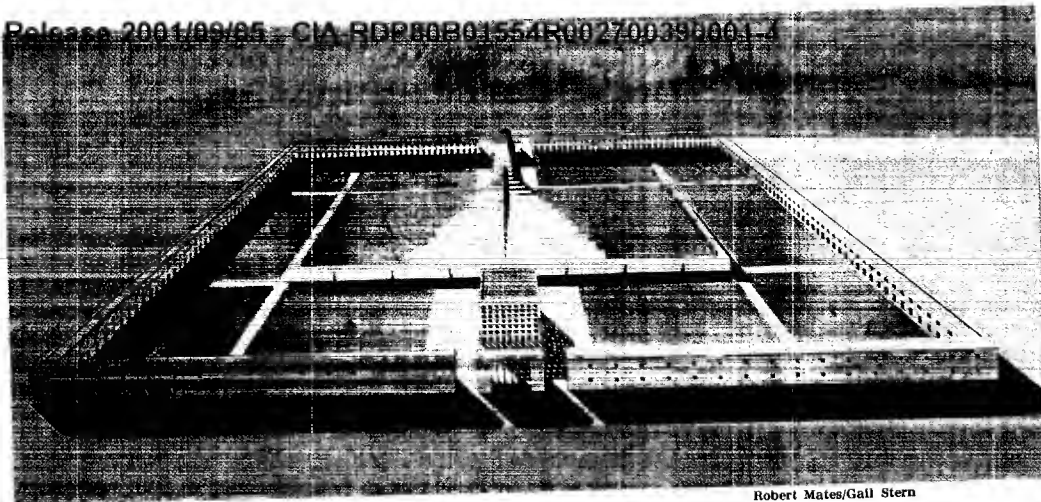
forced to exist only on paper, because the early '70s recession in building still prevails. Moreover, Le Corbusier and Louis Kahn, both addicted to drawing, have replaced Mies as key influences on the younger generation. Though he declared himself devoted to rationality, Le Corbusier was essentially lyric and passionate, as his high-spirited drawings prove. The enormous popularity of MOMA's surprising 1975 retrospective of Beaux-Arts drawings from the nineteenth century can't be underestimated: they reminded us of a time when architecture depended on the flair of the pencil, not the computer.

Drawing by Hejduk: House plan or imaginary landscape?

David Allison



Kahn's drawings—freehand in style, romantic in sensibility—are notably present in the Jacksonville show. So is a cache of works from the nineteenth and the early twentieth centuries, retrieved by the Architectural League from libraries, museums and historical societies. Among the choicest discoveries is Peter Bonnet Wight's detail (circa 1867) of multicolored Gothic columns for his richly decorated Mercantile Library in Brooklyn. There are contemporary drawings, too—by Charles Moore, the dean of the school of pop architecture, among others. Moore often uses motifs like billboards and storefronts in his



Robert Mates/Gail Stern

Rossi's plan for a neoclassic cemetery in Modena, Italy: Cool elegance

seems opaque in content, as in John Hejduk's "Detached—Ambiguity—Separated," which can be seen as a bird's-eye view of a house plan and landscape, as a cross-section or elevation, or as an imaginary landscape with mountains in the distance. Many of the younger architects are often derivative in their work. Their styles are lifeless imitations of art movements like pop, minimalism and conceptualism.

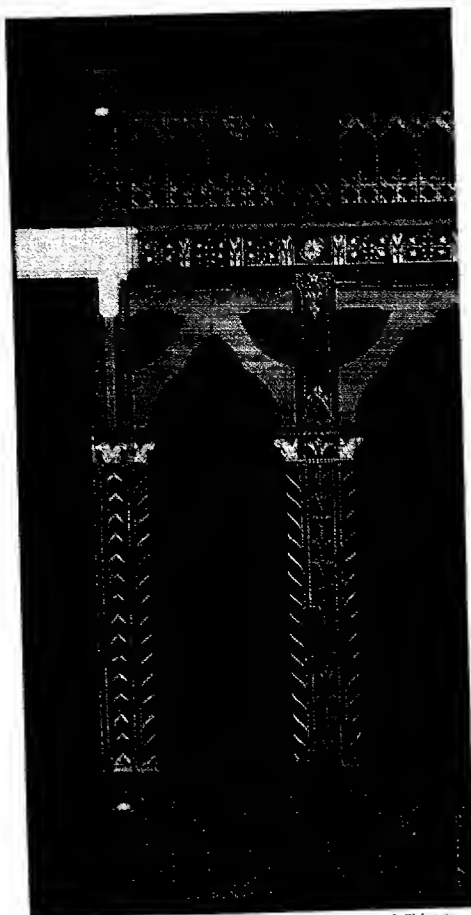
Zest for Color and Fun: Two exceptions are in the Philadelphia exhibition: a cool, elegant drawing by Aldo Rossi for a neoclassic cemetery now being built in Modena, Italy, and a gaudy 3-D model of Venturi and Rauch's proposal to renovate Atlantic City's aging Marlborough-Blenheim Hotel. Not accepted by the hoteliers, the model is charged with the firm's usual zest for color and fun and fronted by a theater marquee.

But Le Corbusier's drawings are the best answer to those who might fear that architecture is giving up its foot in the real world for the art galleries. Even at his most painterly, as in one of the pastel

elevation studies for the Stein House, one can discern a clear connection to reality. In this study, the painter in Corbu let go—making the doors red, dark blue and sienna, the windows lavender against cream white, the sky bluer than blue. In the end, the Stein House turned out to be almost monochromatic in its whiteness. But the end came out of a systematic process as the architect in Corbu gradually took over, thinking "through" shapes, adding and taking away colors, simplifying the structure. No wonder he called his sketches "decisive documents."

Decisive, but not fatal. For unlike modeling and plotting, drawing leaves the mind free to conceive and reject anything it wishes. The rise of architectural drawings as a legitimate art in itself can only widen the area of choice for the architect faced with a modern landscape greatly in need of variety. Even when it is supremely artful, the architectural drawing is always more—potentially—than art.

—DOUGLAS DAVIS

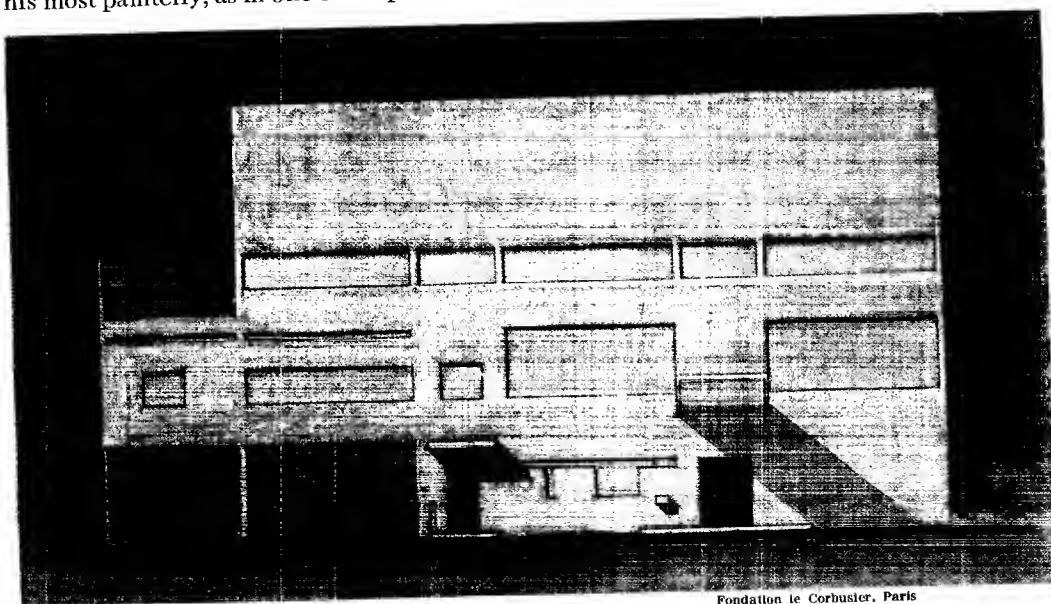


The Burnham Library, the Art Institute of Chicago

Wight's columns for a Brooklyn library

cartoonlike "architectural fantasies." By contrast, there are delicate cubistic pastels by Michael Graves, who displays elaborate plans for converting a warehouse in New Jersey into a home for himself.

Imitations: Much of the new work gathered in Los Angeles and Philadelphia has aroused apprehension. There are unconventional strategies—like Susana Torre and Clinton Sheer's proposals for housing on Roosevelt Island in New York City, which include "snapshots" of island scenes, captioned by imaginary residents. ("Block parties here are out-sight," says one.) Some of the new work



Fondation Le Corbusier, Paris

Le Corbusier's study for the Stein House: Unleashing the painter in him

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A Liberated Liberace

Bounding onstage in Day-Glo tangerine, Peter Allen immediately telegraphs the news that he is post-glitter and hot camp. From his suede tangerine shoes to the purple orchid that flops in his lapel, he is a liberated Liberace with plenty of sex appeal for both sexes. He plays a wicked piano and sings his songs against a dash of flash- and -trash patter. In "I Go to Rio," his show-stopping theme song, for example, he becomes a gigolo Carmen Miranda who bumps, grinds and demolishes his maracas. In the middle of another song he stops and says to the audience, "By this time I know you're wondering, 'Is he or isn't he?' Well, yes I am . . . Australian." The net effect is one of flamboyant fun, too enthusiastic to be decadent and too sophisticated to be sleaze. In other words, the boy's an Entertainer.

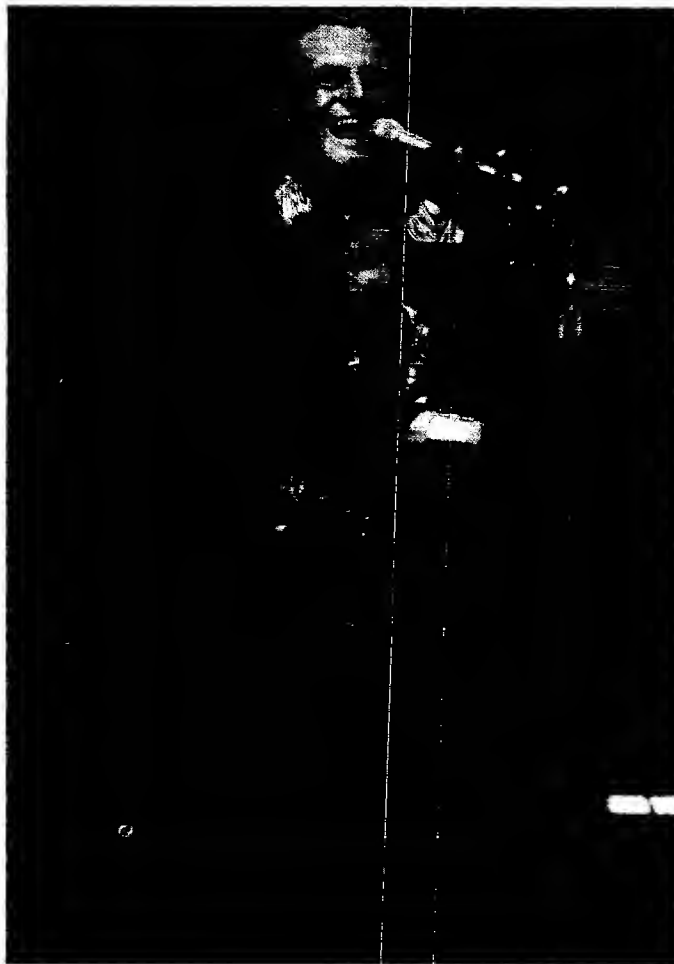
Allen, 33, is also a first-rate songwriter who is able to drop the campy shtik to convey deeper emotions. "Tenterfield Saddle" is a moving evocation of the life of his late grandfather; "(I've Been) Taught by Experts" is a wise ballad about love as cruelty, and "She Loves to Hear the Music" is a sad, witty chronicle of a record-company secretary-groupie. Allen once was best known for being Judy Garland's opening act, then for marrying Liza Minnelli, then for writing Olivia Newton-John's hit, "I Honestly Love You." Now he's broken through his cult following in cabarets to a larger audience across the country. His new live-performance album on A&M is called "It Is Time for Peter Allen," and a lot of people in the business are beginning to agree.

Teen Idol: He started early.

At 5, in his native Australia, Allen made himself up in black face to enter a school talent show doing Al Jolson imitations. "I lost to an aborigine girl who got the sympathy vote," he recalls. By the time he was 14, he had left school, acquired a partner and become a teen idol in Brisbane with an act that consisted of doing wild Little Richard imitations at the piano while wearing heavy cricket shoes. "When I kicked too high at the upright, the shoes went flying and hit people on the head."

At 18, he and his partner were touring the Orient, performing in the Philippines, Formosa and South Korea. They

ended up at the Hong Kong Hilton, where Judy Garland, recuperating from a tracheotomy, caught his act. "You're so wonderful," she told him. "You remind me of Fred Astaire." "I was highly insulted," says Allen. "I was 19, I hadn't seen him and I hardly knew who she was. We weren't big on nostalgia in Australia at the time—I was listening to rock 'n' roll." That night, Garland and her future hus-



Michael Putland—Retna

Allen: Hot camp with flash-and-trash patter

band, Mark Herron, had a fight in a small boat in the Hong Kong harbor. "They sat at opposite ends of the boat," Allen recalls, "and she kept making me stand up in the middle and sing. She made the boatman row around and around and she kept saying to me, 'Sing something'."

He and Garland sailed on a luxury liner to Tokyo together. He performed, she taught him songs and told him: "You have to meet my daughter. Wait till you meet her." When she returned to London, Garland sent for him with the invitation to perform the opening act on her show. Jet-lagged, he slept through his

first dinner in London with Margot Fonteyn, Rudolf Nureyev, John Lennon and Paul McCartney. The second night he played "Hello, Dolly!" at George Sanders's birthday party. "Judy sang 'Hello,'" he says, "and Vivien Leigh would interject, 'Dolly!'" Soon, he and Liza turned to each other for protection.

'Scott and Zelda': "Liza was like my sanctuary," says Allen. "We both sought each other out. We'd grab each other and go disco the night away." They got engaged, lived together for three years and married in 1967. "We were literally climbing through the snow to carve our initials out on the top of the Plaza fountain," he says. "It was total Scott and Zelda." The marriage, he says, was "a terrible mistake." "It was before women's liberation and Liza thought she was supposed to cook and do the laundry." In 1970, Allen left both Liza and his partner. He moved to Greenwich Village and wrote six songs in a week and a half. "My life was changed by seeing Laura Nyro alone with a piano onstage singing her own songs and hearing Randy Newman and early Harry Nilsson. I suddenly realized I had my own thirteen interesting years to write about."

Allen soon found that parties were just about the only place where he felt comfortable performing. "I didn't fit into coffee shops or downstairs at Max's Kansas City." But in early '74, he discovered a largely gay audience at the New York cabaret Reno Sweeney. "I had to amuse them and go farther and farther out and do weird things. They used to find me very shocking. Sexually, I was very threatening because I didn't act like Frank Sinatra or the normal male onstage. Now the audience almost regards me as cuddly."

Fabulous Peppers: Today, Allen still likes to shock, but it is a measure of how far audiences have traveled in the last few years that he

drew 8,000 ordinary folk to a concert last summer in Central Park. He divides himself between the "real," quiet Peter Allen, who lives in a beach house north of San Diego, "growing fabulous peppers and onions" and reading Proust, and the onstage Peter Allen, whom he refers to in the third person. "I think he's a very different person than me, a much more interesting person than me. I think that's why I'm in show business—to get to be that other person." Whichever, Peter Allen is that rarity in today's pop sweepstakes—a talented, genuine original.

—MAUREEN ORTH



Photos by Ormonde Glegg

Fur fever: Halston's \$60,000 lynx cape, \$4,500 raccoon with \$45,000 sable, a \$5,500 raccoon, Halston's \$100,000 lynx

Furs: Flying High

A few years ago, the fur coat seemed about to become an endangered species—threatened with extinction by conservationists' protests, warm winters, a severe recession, the development of high-quality synthetic furs and the stodgy image of a mink coat in a trendy world. These days, fur is flying high. Retail sales have more than doubled in the past five years and are expected to pass the \$850 million mark in 1978. "It has never been this good before," says Fred Cardin, president of the American Fur Industry, a group established in 1971 to improve the industry's tired image. "The fur coat is no longer simply a symbol of wealth; it has become the most-wanted outer garment in the world."

The biggest boost for the fur industry has been a change in image. For years, more than 80 per cent of all fur coats were traditionally styled minks. "We used to sell only to grandmothers," says Edd Grobs, president of Fur Couture International, whose Beverly Hills business is up 35 per cent over last year. "It's not that way any more. Now people are more affluent and there's a basic return to fashions in furs."

Sporty Blazers: In recent years, such ready-to-wear designers as Halston, Anne Klein, Oscar de la Renta and Geoffrey Beene have added furs to their collections—for men as well as women. (Last year, men's furs accounted for 20 per cent of all sales.) Halston's line runs as high as \$100,000 for a lynx coat. But most designers have also used the less expensive pelts such as raccoon and fox, and have given fur coats a less conservative, more stylish look. Although mink still accounts for 50 per cent of all fur sales, the classic lines have given way to

sporty mink blazers, wrap coats and capes. And the "new" furs can be tossed on over the most informal outfits, like jeans or ski clothes. "It's very practical, and it makes me feel younger than I've felt in a long time," said Helen McCully after paying \$4,000 for a raccoon coat at Saks Fifth Avenue's Revillon Boutique in New York last week. "I'll be fun at the opera, and you could sleep in it, if you wanted to."

Even the conservationist organizations, which were angry enough to picket such stores as I. Magnin and Saks in 1970, seem to have drawn in their claws. Cleveland Amory, president of the Fund

for Animals, a leading anti-fur group, says that members have turned their efforts from demonstration to legislation. Federal laws have been passed banning the use of endangered species such as leopard and tiger, and Florida, Massachusetts and Rhode Island now have regulations prohibiting the use of leg-hold traps to capture raccoons, lynxes and foxes.

But the bottom line for fur buyers may ultimately have a great deal more to do with comfort than fashion. "The fur boom is a carry-over from last year's severe winter," says Joseph Kitt of Kitt-Thylan Furs in New York. "This may sound cynical, but people are simply not so conservation-minded when they are just plain cold."

BACK TO THE SLIM JIM

Neckties, like hemlines, are a leading indicator of fashion change. In the 1950s, most ties measured about 2½ inches wide and were monochromatic or striped. In the early 1960s, the turtle-neck sweater and the Nehru jacket made ties unnecessary. In the late '60s, ties started to get more colorful and wider—Carnaby Street featured cravats as much as 5 inches wide. Now, ties are getting narrower again, and lapels and shirt collars are slimmer to accommodate the look. "It's just a reversal of what it was," says designer Ralph Lauren, whose 2½-inch ties are selling well.



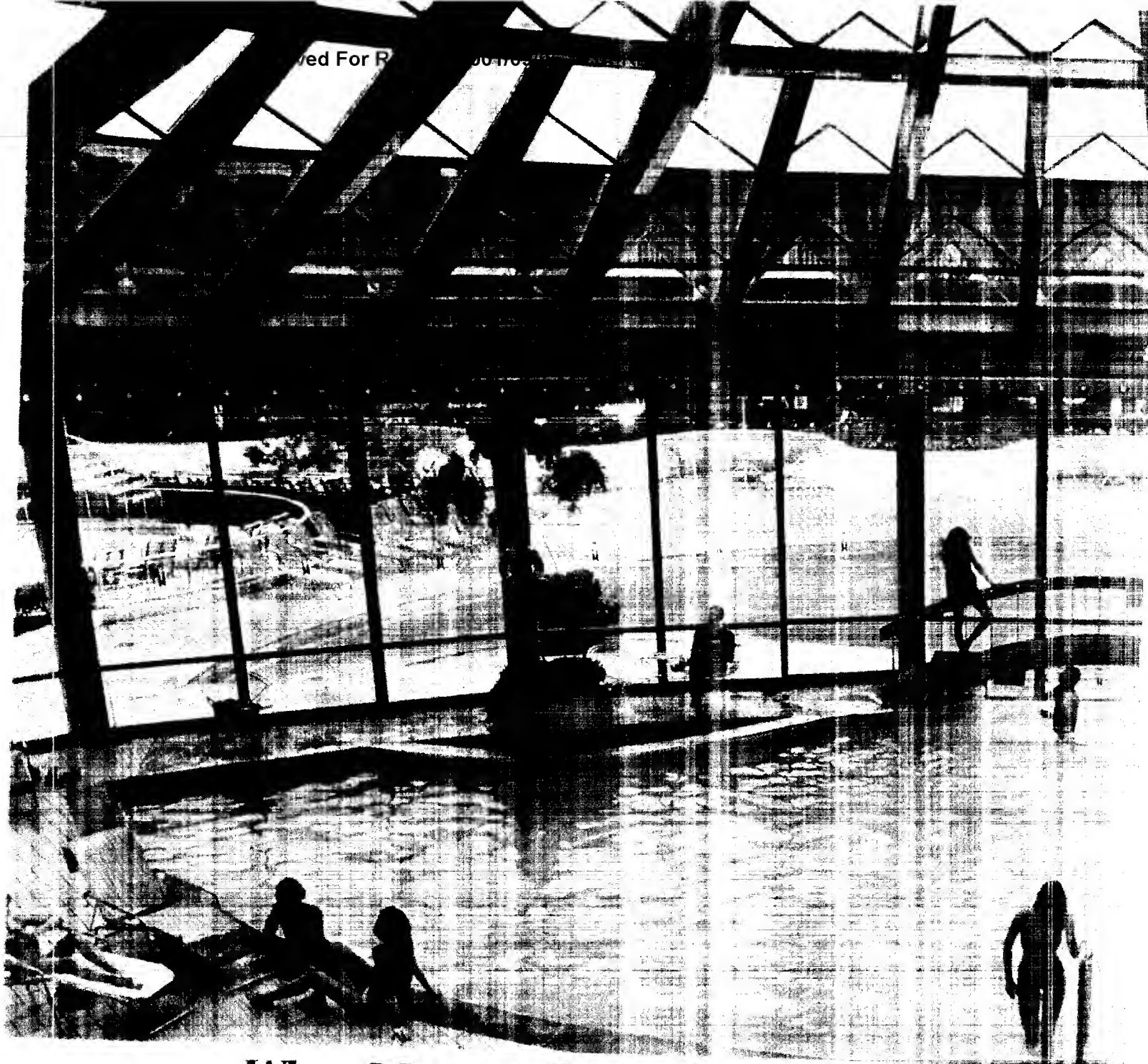
As usual, leading designers had the same new idea at the same time. Calvin Klein featured the narrow and monochromatic tie in his first menswear collection last week. Yves Saint Laurent, Dior and Pierre Cardin are all narrowing their ties. Even Brooks Brothers and J. Press, Inc., are selling more of the 3½-inch ties and fewer 4-inchers. The new narrow tie widths offer something for everyone: for the fashionable man, the opportunity to rush out and buy the new look—and for the staunch traditionalist, a chance to recycle those old ties from the '50s.

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Novels: A Winter Browse

INKLINGS. By Geoffrey Wolff. 190 pages. Random House. \$7.95. A serious novelist complained the other day: "The only people who seem to read serious novels any more are people who want to write serious novels." It is perhaps to that small but dogged audience that Geoffrey Wolff has fired off "Inklings," a fast and furiously funny cry of pain about an affliction that knows no cure: the urge to write a first novel.

A superb literary critic himself (for New Times magazine), Wolff has made his afflicted protagonist, Jupe, a New York literary critic who is on the verge of boiling over with self-disgust. A skin magazine (Hombre!) has just asked Jupe to write his own obituary: "Pieces should be short (100-150 words), muscular, and light." A survey of literary critics has just dropped him from its index. When his little boy begs him to tell him a story, his wife interjects: "Daddy doesn't tell stories, dear . . . He reads stories, remember?"

Jupe thinks he is going blind. Worse, he is being shadowed by an importunate aspiring writer who turns up at an international symposium on "The Death of the Novel"; at an East Side literary saloon called Clapper's (read: Elaine's); at the love nest of a literary groupie called Mouse (read: Muse), and—with gun in hand—at Jupe's retreat in Maine, where he has gone to take his creative plunge.

Sententiousness creeps in ("Man, behold his works: the nonfiction novel and lime aerosol lather"); the plot's mechanisms threaten to turn metaphor into melodrama. But Wolff seems to know every inch of the literary mine field, and his style, muscular without being light,

justifies one of the book's epigraphs (courtesy, Jean-Paul Sartre): "Words are loaded pistols."

—CHARLES MICHENER

RACHEL, THE RABBI'S WIFE. By Sylvia Tennenbaum. 395 pages. Morrow. \$9.95. The scent of the radical '60s clings to the manners and convictions of Rachel and Seymour Sonnshstein, rabbi and rebetzin of a temple in suburban Gateshead, Long Island. Their neighbors view them as brash, self-righteous intruders; the Sonnshsteins dismiss Gateshead as "conservative, bigoted, and culturally



Paul A. Schmitz—Washington Star

Tennenbaum: Suburban hypocrisies

deprived." Complications arise to disturb their usual round of grudging social and religious obligations: Seymour's contract is up for renewal; his efforts to keep his job involve him in plots, electioneering and verbal compromise of a sort he had once associated with politicians and captains of industry. Rachel, who at 39 has painted for years with distracted fervor, resolves to give art a more important place in her life. The result is an intelligently entertaining tale of a chaotic year in the life of two people who are neither iconoclastic nor conventional enough to be at ease with themselves.

Tennenbaum writes cleanly and with sardonic energy, despite some lapses into awkward dialogue. She mocks suburban hypocrisies: one target is a businessman who buses Puerto Rican employees to his Gateshead factory and to



Jill Kromentz

Harrington: A world without death

the temple's remunerative bingo games, but opposes the establishment of a multi-racial day-care center. But the more sympathetic figures do not get off scot-free either—not even Rachel, who wants to be at once an intellectual aristocrat and a political democrat, who tries to reshape her life while cherishing "the amateur's belief that you could be all things to all people (the family, the congregation), and still be an artist."

—MARGO JEFFERSON

PARADISE 1. By Alan Harrington. 372 pages. Little, Brown. \$9.95. "Death is . . . no longer acceptable," Alan Harrington argued in "The Immortalist," a spirited 1969 polemic. Now he envisions a world in which the conquest of death delivers mankind over to a superefficient tyranny. The discovery of Immortality Serum in A.D. 2007 leads to frantic competition for the limited supply and totalitarian rule by a Master with the power to dole out serum to a minority, put waiting-list candidates into deep freeze, tamper with their memories when they return and, in hard cases, mal-orbit troublemakers into space beyond retrieval.

As a story, "Paradise 1" is maddily articulated and hellishly hard to follow, with dizzy shifts in point of view and time scheme (most of the events in 2007, for instance, turn out to be *flashbacks* from a still more distant future). But there are arresting notions. In a world where dying has become a rarity, Death Brothels become a sinister fad. With the replacement of real sex by fantasy mating provided by the Bank of Common Memory, a lover who misses the good old ways laments, "We're making love only to each other's information." The funniest invention is Unvarnished Truth, Inc., an ad agency that flourishes during the collapse of our civilization, marketing a wretched soft



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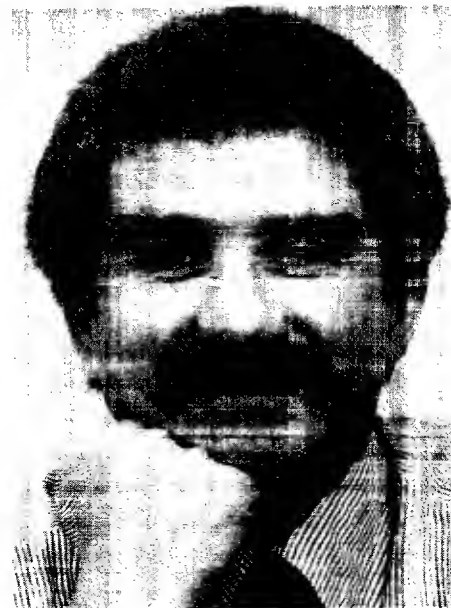
drink with the slogan "Palma-Cola's Not As Bad As They Say. It Could Taste A Lot Worse."

Harrington ingeniously bypasses the usual objection to a world without death: that if births continued, we would crowd each other off the planet. Instead, he offers the shining horror of an endlessly recycled, unchanging population whose members take obligatory 75-year naps in liquid nitrogen. As an alternative to this Paradise, death comes to seem a boon.

WALTER CLEMONS

IN SUCH DARK PLACES. By Joseph Caldwell. 230 pages. Farrar, Straus & Giroux. \$8.95. This is a talented first novel, an honorable attempt at a significant work of fiction that I found hard to like. Its author is perhaps trying too hard—symbols, signs and mysteries abound—and yet he has not tried hard enough, for the novelist's final effort must be to conceal the effort that it takes to write a novel. The story begins with a Good Friday Passion on New York's Lower East Side: Christ's procession to Golgotha is being re-enacted in the streets. Eugene, a young photographer from the Midwest, lopes along. Eugene is a lapsed Catholic and a homosexual; he is taking pictures of a Roman soldier whom he hopes to seduce. The procession, however, dissolves into a riot that ends with the soldier's murder and the theft of Eugene's camera.

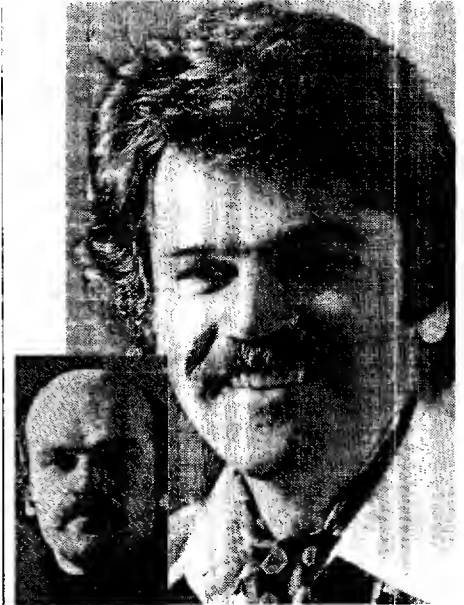
Eugene is thrust into a search for a young boy whom he takes to be the thief, a search that may produce the murderer as well, if Eugene can find on his film a picture of what happened. Along the way, as you would expect, Eugene has much to learn about charity, responsibility, the impossibility of being a detached observer, the ineluctable link between sex and death, the nature of guilt, of mercy and redemption through love. It's a lot to cope with in a short novel, prob-



Thomas Victor

Caldwell: *Murder on Good Friday*

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*To obtain this 50% savings from the regular Coach fare, you must begin your travel on Saturday and begin the return portion of your trip before 12:01 p.m. the following day (Sunday), or, in the event that no flight from the destination city to the origin city is available by that time either by a direct or by a connecting routing, then you must begin your return trip on the first such available flight on that day. Prices may change without notice. This offer expires March 19, 1978.



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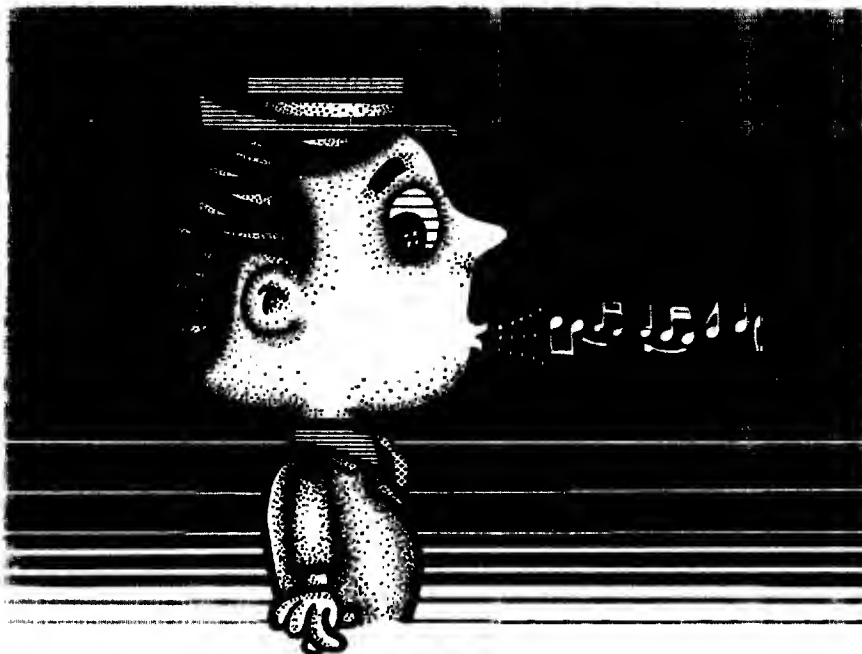
Sheldon: El Sid strikes again

ably too much. The identification of sex with vengeance is not wholly convincing, and the mystery that occurs at the end, when Eugene discovers who the murderer is, makes no sense in any but metaphysical terms. Yet the book offers some good characterizations, some unexpected wit, and it is written in an admirably cool style. Even with the symbols jutting up everywhere in his path, a reader can, with a little practice in broken-field maneuvering, run swifdly, even easily, to the end.

PETER S. PRESCOTT

BLOODLINE. By Sidney Sheldon. 444 pages. Morrow. \$9.95. Sidney Sheldon has manufactured two books, "The Other Side of Midnight" and "The Stranger in the Mirror," which have been bought by more than 30 million consumers. He is therefore quite beyond criticism. It's like cigarette smoking—you can't criticize cigarettes, you can only try to pass a law against them. You might place an admonition on Sheldon's dust jackets, something like: "The Secretary of Health, Education and Welfare has determined that reading Sheldon is dangerous to your literacy." Let's analyze the verbal tars and resins in Sheldon's latest product.

"Bloodline" deals with money, madness, murder, love and lust in the worldwide maze of a giant pharmaceutical company, from "the timeless minarets of Istanbul" to "the winding, dangerous back alleys of Alto Estoril," even into the "forbidden pleasures of the city of sin," Hamburg. As usual, Sheldon is an adept in the most arcane mysteries of the flesh. One lady, getting the hots for a ski instructor "hid her hands in her lap, so that he could not see the keratosis." Look that up if you dare. Elsewhere, a timid husband succumbs to his voracious



you're whistling in the dark.

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Personal savings— the foundation of the American economy

In the United States, 65 percent of the money needed for economic growth can be traced back to a personal savings account.

Yet, individual savings in the United States are low. While the West Germans save almost 15 percent of their disposable income; the French, nearly 16%; 13 percent for the British, and an unprecedented 25 percent for the Japanese—the Americans are saving only 6.5%!

Perhaps one reason for the difference in the amount saved here, as opposed to elsewhere, is that those saving their money in the U.S. receive little incentive to save.

Government policy today favors the consumer over the saver. And, in *most* cases, it's the saver who provides a substantial portion of the capital for the economy to produce consumer goods. For example, savers at Savings and Loan Associations provide more of the

money needed for home loans in this country than all other financial institutions combined.

Yet, those savers are provided little incentive to continue saving. Today, our tax system offers no such incentives. Interest earned on a savings account is simply added to earned income and taxed right along with it.

Individuals who put their money in financial institutions have been disadvantaged over the years because such a tax incentive—freely given to stock investors—has not been extended to savers.

If this country is to continue to grow economically, then capital formation must be favored by our Government. A good way to do that is to provide the saver with a tax incentive to encourage more capital formation.

Perhaps it's time for Congress to restudy this issue now.



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1978

January

11-15 Heimtextil — Int. Fair for Home and Household Textiles, Frankfurt
17-22. Int. Furniture Fair, Cologne
21-23. Boot — Int. Boat Show, Düsseldorf
27-29. Int. Green Week, Berlin
30-31. ICM — Sweets and Biscuits Fair, Cologne

February

9-15. Int. Toy Fair, Nuremberg
15-18. DOMOTECHNICA — Int. Fair for Household Appliances, Fittings, Components, Cologne
15-22. CONSTRUCTA — Int. Building Exhibition, Hannover
16-19. Int. Housewares Fair, Cologne
19-21. Int. Hardware Fair, Cologne
23-28. ISPO — Int. Sports Equipment Fair, Munich
25-1. 3. Int. Leathergoods Fair, Offenbach
26-28. Int. Men's Fashion Week, Cologne
26-2. 3. Frankfurt Fair with Int. Fair for Musical Instruments, Frankfurt

March

4-12. Int. Tourism-Exchange, Berlin
8-12. INTHERM — Int. Fair for Energy and Engineering, Stuttgart
10-12. Int. Fair CHILDREN and YOUNG PEOPLE, Cologne
10-15. InternorGa — Int. Exhibition for Hotels, Catering, Bakeries, Hamburg
11-14. IGEDO — Int. Fashion Fair, Düsseldorf
11-19. IHM — Int. Handicrafts Fair, Munich
18-20. GDS — Int. Footwear Fair, Düsseldorf

April

2-6. Int. Fashion Fair, Munich

5-9. Int. Fur Fair, Frankfurt
7-10. IWA — Int. Fair for Hunting and Sporting Arms, Nuremberg
7-11. EuroShop — Fitting — Advertising — Selling, Düsseldorf
11-27. Hannover-Fair, Hannover
21-27. IGEDO — Int. Fashion Fair, Düsseldorf
21-4. 5. ILA — Int. Aerospace Exhibition, Hannover
21-4. 5. DLG — Int. Agricultural Show, Frankfurt
21-2. 5. OPTICA — Int. Fair for Ophthalmic Optics, Stuttgart

May

29-31. Interstoff — Fair for Clothing Textiles, Frankfurt
31-2. 6. FAB — Exhibition for Hospital Equipment, Supplies, Hamburg
31-4. 6. INTERFORST — Int. Exposition of Technology of Forestry and Forest Industries, Munich

June

4-11. IWC — Int. Exhibition Laundry — Dry Cleaning, Frankfurt
5-10. IFAT — Int. Sewage, Refuse Engineering, City Cleaning Exhibition, Munich
8-14. INTERPACK — Int. Fair for Packaging Machinery, Packaging Materials, Confectionery Machinery, Düsseldorf

August

21-30. Int. Leathergoods Fair, Offenbach
21-29. Int. Men's Fashion Week, Cologne
21-30. Frankfurt International Fair, Frankfurt
31-3. 9. Overseas Import Fair, Berlin

September

10-13. IGEDO — Int. Fashion Fair with IGEDO DESSOUS, Düsseldorf
11-15. SECURITY — Int. Security Exhibition, Essen
15-20. IKOFA — Int. Fair of the Food Industry, Munich
18-21. photokina — World Fair of Photography, Cologne
18-24. German Industries Exhibition, Berlin
23-25. GDS — Int. Footwear Fair, Düsseldorf
23-26. IFMA — Int. Bicycle, Motor Cycle Exhibition, Cologne
25-27. automechanika — Int. Fair for equipment for Motor Car Workshops, Service Stations, Spare Parts, Accessories, Frankfurt
25-30. SMM — Int. Exhibition Ship, Machinery, Marine Technology, Hamburg
30-8. 10. Interboot — Int. Boat Show, Friedrichshafen

October

1-3. SPOGA — Int. Fair of Sports Goods, Camping Equipment, Garden Furniture, Cologne
1-3. Int. Garden Fair, Cologne
1-5. Int. Fashion Fair, Munich
11-15. Int. Fair CHILDREN and YOUNG PEOPLE, Cologne
18-23. Frankfurt Book Fair, Frankfurt
19-29. Int. Boat Show with EMTEC, Hamburg
22-26. IGEDO — Int. Fashion Fair, Düsseldorf
24-29. ORGATECHNIK — Int. Office Fair for Fittings and Equipment, Cologne

November

9-15. electronica — Int. Fair for Components and Assemblies in Electronics, Munich
21-24. Interstoff — Fair for Clothing Textiles, Frankfurt



German Trade Fairs and Exhibitions

Information: German American Chamber of Commerce
666 Fifth Avenue, New York, N.Y. 10019, Tel. (212) 582-7788
77 East Monroe Street, Chicago, Ill. 60603, Tel. (312) 782-8557
2 Houston Center — Suite 3418, 909 Fannin, Houston, Tx 77002, Tel. (713) 653-8230

spouse, who is "naked on top of him in the classic position of *le Diligence de Lyon*." And Sheldon doesn't forget the old ice-cubes-on-the-testicles gambit, which he immortalized in "Midnight."

"Bloodline" is Sheldonized for maximum impact. The action moves in short takes, usually ending with a crisp, punchy sentence, such as: "and then the gods shat in Ivo Palazzi's face." A master of nuance, Sheldon describes a palatial residence: "Around the walls were Renoirs, Chagalls, Klees and two early Courbets." None of your crummy late Courbets for Sidney. The linguistic apogee of "Bloodline" is unquestionably this crystalline snatch of scientific dialogue: "I've been experimenting with a method of inhibiting rapid differentiation of the collagens, by using mucopolysaccharides and enzyme blocking techniques." Chalk up another few million for El Sid.

—JACK KROLL

THE CITY BUILDER. By George Konrad. 184 pages. Harcourt Brace Jovanovich. \$7.95. This second book by the Hungarian author of "The Case Worker" (1974) continues his exploration of a zone between fiction and the sociological-political essay. There is a minimal story. An architect in an East European city wakes at dawn and assumes the burdens of his life: "I slip on my body, my job, my family; I don these rooms, this city." A widower whose rebel son has gone berserk and is hospitalized, he himself is a son and grandson of builders, a conscientious public servant for whom city planning is a stay against chaos. Yet he is galled by the inhumanities of the bureaucracy he serves, restive in a community where "the women . . . have gold teeth, but in half the homes there are no books. A hundred lives pass amid tawdry knickknacks before a new thought appears. After work, thirty-year-old men lean on fences along unpaved roads, and



Elka-Petra Thonke

Konrad: Bureaucratic inhumanities

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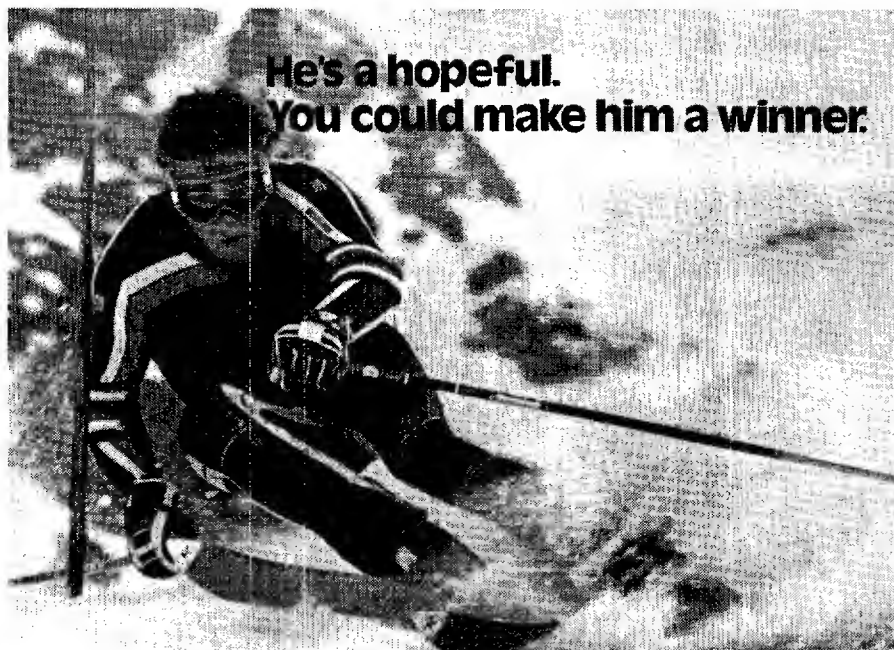
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Winston Churchill, at left in this famous photo at Yalta, visited FDR frequently in the White House. His stops at the map room to check the progress of the war were announced by "a little round fat face peering around the corner and asking, 'How's Hitler? The ba-astard.'"



William Howard Taft weighed over 300 pounds. The special tub he installed in the White House could hold four men. (right) Sheep graze on the White House lawn during Wilson's WWI term.



Ida McKinley, above, was a tragic figure, frail and epileptic. Her husband defied protocol by seating her next to him at state dinners; often surprised guests by throwing a napkin over her face to help her avert a seizure.



The imperious John Adams held court here . . . and his wife hung her wash to dry in the East Room.

Thomas Jefferson kept grizzly bears in a cage on the grounds.

It was here that Abraham Lincoln signed the Emancipation Proclamation. Here that Woodrow Wilson's wife ran the government after his stroke, earning the title of the first woman president. Here that Franklin Roosevelt, 17 days after Pearl Harbor, suspended the blackout and lit a giant Christmas tree to proclaim America's confidence.

It was here, too, that Truman reached the decision to use atomic bombs; here that John F. Kennedy, like Lincoln before him, was brought after his assassination. And here, in the Lincoln sitting room, that Richard Nixon signed the letter that made him the first President ever to resign.

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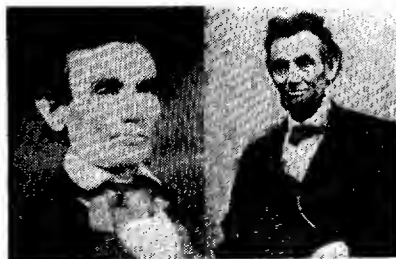
Jacqueline Kennedy, like Teddy Roosevelt, felt close to Lincoln in the White House. "I used to sit in the Lincoln room," she said, "and I could really feel his strength. I'd sort of be talking to him."



Eisenhower and his grandchildren with Nixon and his children. David Eisenhower and Julie Nixon, married in 1968, met here as shy 8-year-olds.



Taciturn, dignified Calvin Coolidge was given to practical jokes on his wife—such as pushing all the buzzers that called the White House servants, then disappearing from the scene.



Two photos of Lincoln, taken seven years apart, show how he aged in office. Mrs. Lincoln (right) infuriated her husband with her buying sprees; she once bought 300 pairs of gloves in four months.



The handsome volumes in this series from Newsweek Books (just a few of which are shown here) are among the most richly rewarding books you will ever add to your library. Each volume measures 9 1/4" x 11 1/2" in size (over 10% larger than many other series books), has 176 pages with a 40,000 word text and approximately 100 pictures—more than half in full color.

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Here are faithful reproductions of 4 historic coins minted from 1760 to 1787—the Brasher half doubloon, Continental and Pillar dollars and Janus half penny. Complete with descriptions, they're yours FREE just for examining "The White House."



show exactly what is in store for them, down to their third-class funerals."

If this sounds grim, it is. But Konrad is an extraordinary writer, possessed—in Ivan Sanders's excellent translation—of an erudite eloquence that can rise to a pitch of ecstasy. His city planner's sorrowing soliloquy mingles memories of childhood and of an unhappy marriage, the history of his city and his role in establishing its socialist government, gritty observations of street life and a heartfelt address to a nonexistent God ("I am interested in everything said about you, but am bored if it's said from a pulpit"). Surreal juxtapositions and lightning bolts of thought show the hand of a highly sophisticated artist. It would be hard to surpass the searing economy of the scene, early in the book, in which a man's flashback unsuccessfully propositions a girl, or the bitter energy of the New Year's celebration with which "The City Builder" ends.

W. C.

EXCELLENCY. By David Beaty. 231 pages. Morrow. \$8.95. Good adventure stories should do what serious fiction never can: confirm the reader in his prejudices. We read them with our brains idling, holding these truths to be self-evident: that however men are created, they don't stay equal for long, and that other nations, crippled by their climates and governments, are either enlightened or corrupt. Yet we live in sensitive times and are constantly obliged to profess egalitarian convictions—even writers of adventure stories now try to foster a democracy of bigotry. David Beaty manages this by balancing a lunatic African dictator against some balmy British administrators in a country much like Uganda, where everyone (excepting the hero and heroine) is a fool or a villain, drunk or a miserable wretch.

General Gawaka, the usurping President of a collection of warring tribes, is a pompous barbarian who speaks contemptible English. Because his country is rich in gold and oil, the British convince themselves that he is a noble leader. Never mind the voices that he claims to hear, or the jungle genocide that sends the bodies of his enemies floating down the river past his palace. A pretty young woman in the British High Commission and a free-lance pilot share the franchise for rebelliousness and common sense in this story: she pressures him into flying Gawaka's opponents to safety. Inevitably, the situation darkens: Gawaka appoints our hero his personal pilot and attempts to blackmail Britain. Will he discover our hero's double-dealing? Will the poor nitwits in the High Commission, "scared," as Beaty tells us, "out of their wits by British minds," escape with their lives? Not the least of the many tidy virtues of this story is the amiable, apolitical manner with which Gawaka conceals his perversity—it may not be subtle, but it sure does fool the British.

R. P.



Giannini and Bergen: A room-to-room slugfest of politics and passion

Love in the Ruins

Lina Wertmüller's unique sensuality is a combustible mixture of socialism, humanism and romanticism. She is a possessor of high spirits, a cross between Spengler and Aristophanes, and the hurtling pace of her movies is a kind of intelligent hysteria, a dance of defiance to the gods of unreason. In her great film "Seven Beauties" she used this extravagant comic energy to confront the darkest truths of the twentieth century. Now, in her first English-language film, *THE END OF THE WORLD IN OUR USUAL BEHAVIOR* (a NIGHT FULL OF RAIN), the slapstick failure of the power of love reflects a broader breakdown of social forces. Unfortunately, Wertmüller's lovers—Paolo, an Italian journalist (Giancarlo Giannini), and Lizzy, an American photographer (Candice Bergen)—are inadequate embodiments of the decline of the West.

Paolo is your vintage sensuous romanticist; Lizzy is a college-bred, high-fashion liberal with a bag full of cameras. They meet in a Calabrian hill town when Lizzy turns a religious procession into a riot by attacking a macho type who gets rough with a girl. Paolo rescues her and they take refuge in a baroque church where he strenuously seduces her amid the statuary. She flees, but fate catches up with her in San Francisco and they marry. Most of the film is told in flashbacks ten years later during a night of stormy downpour in his aunt's Roman house, where they live. By this time the marriage has run down—just like the world. "All the poets are dying... Love is out of joint," mourns Paolo, and demonstrates this by a passionless lust that enrages Lizzy. They belt each other around from room to room and outside the house,

where Lizzy flees in the sinister deluge.

The house is a secular version of the baroque church, marvelously designed by Enrico Job, it's a maze of family relics, a giant collage from a dying world. Wertmüller's sense of image and space is magnificently abetted by the cinematography of Giuseppe Rotunno. But despite surges of insight, humor and compassion, Paolo and Lizzy are too isolated. And the chorus of voyeuristic apparitions—friends who comment on their couplings and combats—is a device that doesn't supply the missing texture.

Much of the film is shot in extreme close-up, a decision perhaps influenced by Bergen's sculptural beauty. By handling Bergen as if she were one of the carved angels in the church, Wertmüller may be trying to outflank the actress's lack of expressive warmth. Bergen is a stunning woman who exudes intelligence, but with her tight mouth and wary eyes she's always had a vaguely conscripted look on screen. Still, Wertmüller has shaken more force from her than in all her previous movies. Giannini, as always, is the perfect embodiment of Wertmüller's sensibility. Moaning about his lost ideals, mauling his rebellious wife, reluctantly acceding to their daughter's curiosity about his private parts—he is one of the screen's most decisive, delicate and flavorsome actors.

—JACK KROLL

Horror Show

I won't deny that the movie version of *COMA*, Robin Cook's best-selling medical horror novel, has its scares. But what price horror? This is supposed to be entertainment, no more, no less, yet "Coma" has to be one of the more un-

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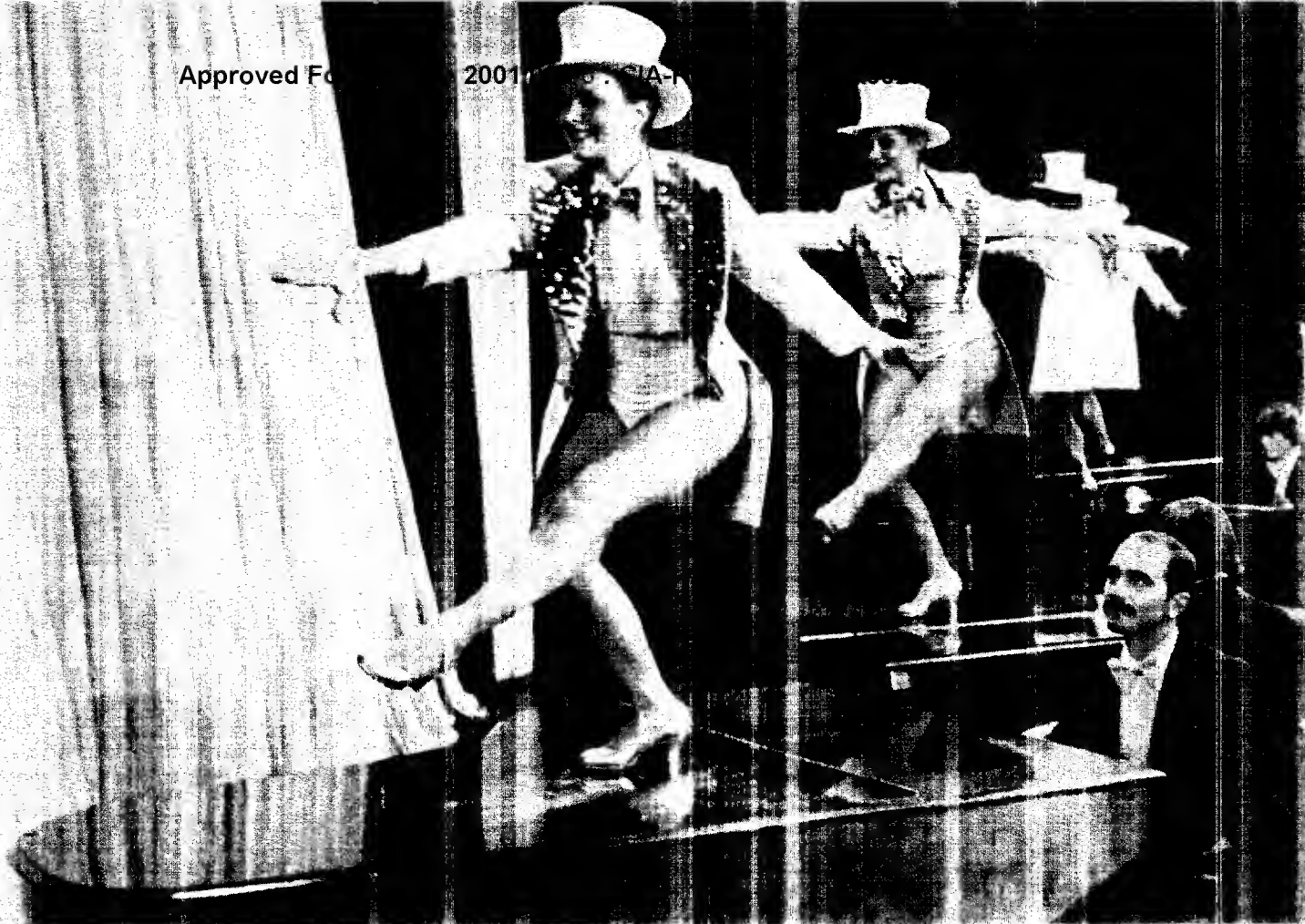


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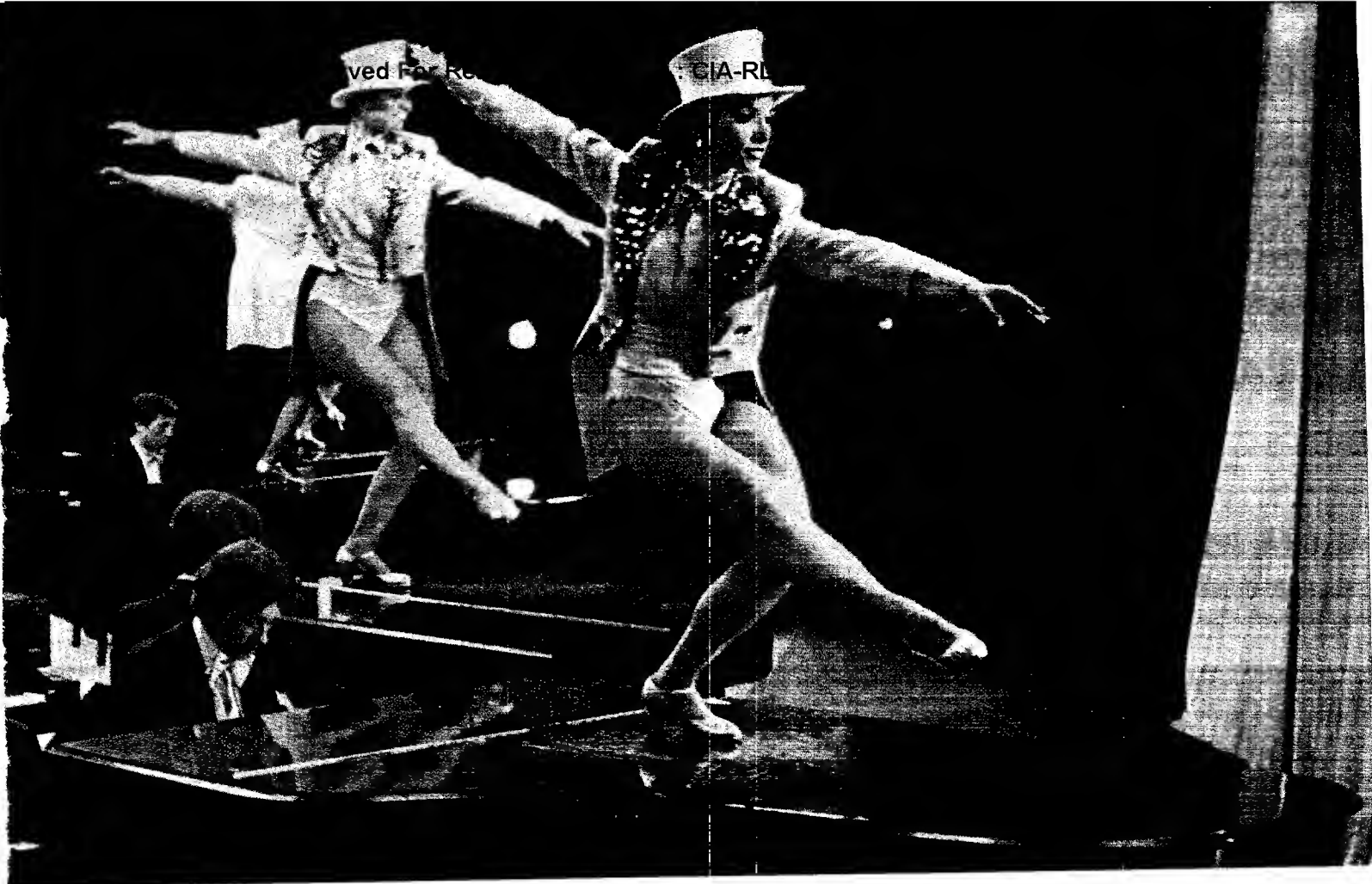
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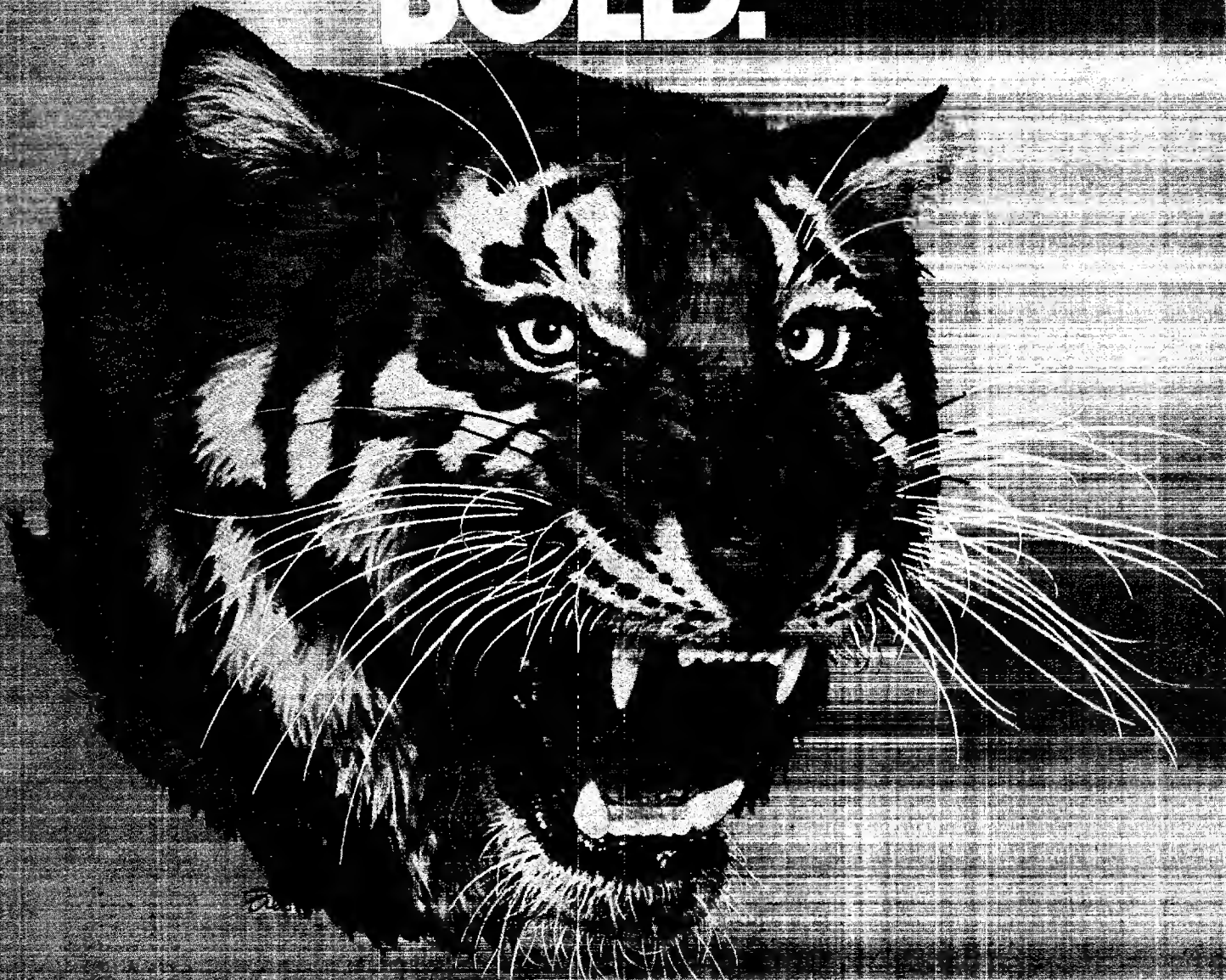
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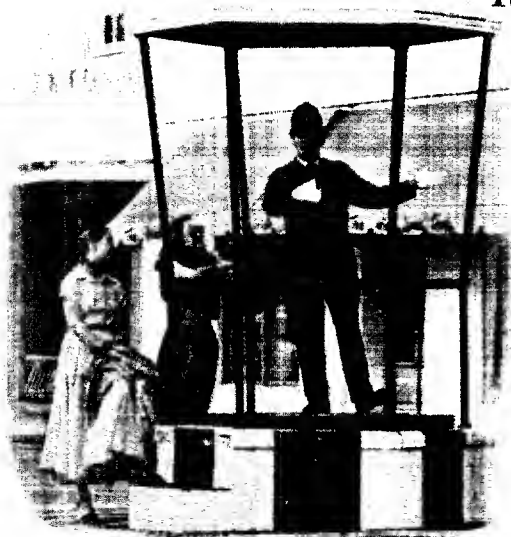
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pleasant movie experiences of the new year. Maybe when you leave a movie feeling sour, edgy and unnerved it means it "worked," and "Coma" will probably be a huge success. Yet, I can remember when getting scared was fun, when horror movies flirted with the dark shadows of our imaginations. "Coma" has little imagination and leaves nothing to ours.

It's set in the antiseptic glare of a Boston city hospital, where young Dr. Susan Wheeler (Genevieve Bujold, once again wasted in a part beneath her) uncovers an eerie pattern of operating-table murders. The very idea of a hospital is terrifying to most of us—surely we would sooner flee an operating room than a haunted house. "Coma" presents us with everything you always knew about but were afraid to see: autopsies, abortions, cadavers whole and sliced, and a vast assortment of gleaming inner organs.

Queasy Logic: Now, this could have made for amusing Grand Guignol if Michael Crichton, who wrote the screenplay and directed, had any style or humor. There's a perfect queasy logic in setting a horror film in a hospital, but I wonder if he and Cook, who are both doctors and thus professionally immune to anatomical squeamishness, haven't misjudged the audience's tolerance for the clinical. For all those who will be on the edge of their seats (though there are scant surprises in the elaptrap plot), there will be as many under the seats, hiding their eyes.

Shorn of its medical shock value, "Coma" is nothing more than "Nancy Drew Goes to Surgery," a creaky blend of red herrings, ominous stares, stale cliff-hangers and doom-laden music. Some interest is aroused when the villains' master plan is finally revealed, and we want to see more, but here Crichton turns uncharacteristically reticent. Hollywood used to turn out movies like this in a week, with the same

sort of zombie-style bad acting demonstrated by Elizabeth Ashley as an all-too-sinister nurse. Now they cost a bundle to make, four bucks to see, and leave you feeling like you just got mugged. That's entertainment?

—DAVID ANSEN

Hollywood War

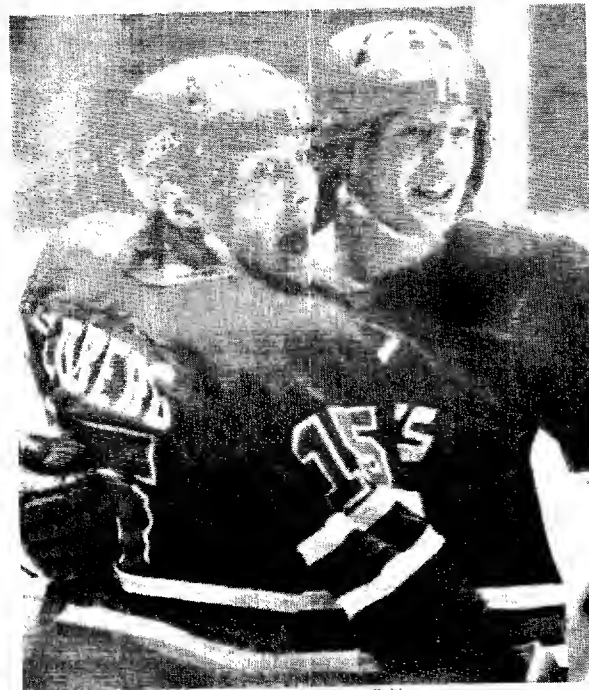
Vietnam was not fought like any other war, and it can't be told the way old war movies were. The people who made *THE BOYS IN COMPANY C*, the first of many films this year that will deal with the Vietnam experience, half understand this. When it's good, the film gives a fresh and harrowing reading of a struggle so chaotic and irrational that it approached the climate of hallucination. When it's bad, it betrays its own integrity with sentimental formulas and cutout characters appropriated from facile war epics of the past. It's a frustrating movie, but one that gets under your skin because of the sheer power of its subject.

Director Sidney J. Furie follows his company—a tidy geographic and racial cross-section of recruits—from Marine boot camp in California to its arrival under fire in Cam Ranh Bay to the physical and moral horrors of the battlefield. The rigors and psychological indignities of the training camp are captured with a savage authenticity. Furie has used an actual former drill instructor, Lee Er-mey, to play an especially intimidating sergeant, and it's a brilliant stroke: Er-mey barrages his charges with a rain of profanity guaranteed to break down any civilian's individuality.

Callous Creeps: The toughness of this sequence goes soft when the company hits Southeast Asia. Though Furie suggests the distinctively anarchic quality of jungle warfare, he misses an essential factor of the war: the paranoia that came from not knowing if the Vietnamese were friends or enemies. "The Boys in Company C" is shamelessly sentimental about the Vietnamese: if they play baseball, they're obviously OK. It was never that simple, and the moral lines were never so clearly—and smugly—drawn as they are here: the enlisted men are all brave anti-authoritarian heroes and the higher officers all callous and shrill creeps. By the contrived final sequence, a morally confused soccer game modeled on the football game in "M*A*S*H," the filmmakers have lost our trust.

Despite some fine performances by Stan Shaw, Andrew Stevens and James Whitmore Jr., the movie ends up telling us more about the conventions of Hollywood than the realities of Vietnam.

—D. A.



Steve Babineau

Hedberg (left), Nilsson: Muscling back

The Swedish Stars

Anders Hedberg, 26, plays right wing with blurring speed and the kind of shooting touch that leaves even the surliest goal tenders flopping wildly. Ulf Nilsson is a 27-year-old center whose passing game is a magical mix of ingenuity and precision. Both players were imported from Sweden four years ago by the Winnipeg Jets of the struggling World Hockey Association, but until last week, their extraordinary skills were one of the best-kept secrets in sports. So when the New York Rangers of the National Hockey League revealed that they were trying to lure Hedberg and Nilsson away from Winnipeg with a \$1.9 million package for two years, the question was inevitably raised: are they worth it?

Hockey insiders and the most knowledgeable fans had the answer. "Playing Hedberg in the WHA is like running Secretariat at the county fair," says Boston Bruins coach Don Cherry. According to New York Islanders' defenseman Stefan Persson, "You never know where Nilsson's passes will go. You must always keep your eyes on his teammates."

At least eight NHL teams were quietly bidding for the Swedish pair, who insist on playing for the same team, and Toronto looked like a good bet to lock up the deal. But the odds shifted in favor of the Rangers last month when entertainment magnate David (Sonny) Werblin was suddenly hired as boss of Madison Square Garden, which owns the Blueshirts. His offer to Hedberg and Nilsson easily topped all others. "We want them," Werblin declared. "We'll do all we can to



Bruce McBroon

Bujold with comatose body: Dr. Nancy Drew

get a winning team here as fast as we can.

Werblin may not be a hockey expert, but he knows a lot about show business and how to fill empty seats. When Hedberg and Nilsson arrived in Winnipeg, the Jets already had ex-NHL great Bobby Hull in uniform, but were drawing only 2,500 customers per game. By the end of the season, average attendance figures had tripled. If the Rangers acquire the Swedes, not only the Jets but the entire six-year-old WHA may have trouble surviving beyond this season. That's why WHA president Howard Baldwin talks like a man ready to dig deep and up the ante. "We'd be crazy to let Hedberg and Nilsson out of our grasp," he says. "Let the NHL get cocky now. But we'll see who's where next September."

Unselfish Style: If Hedberg and Nilsson stay put, it could also mean a few more seasons on the ice for the 39-year-old Hull, who readily admits that the Swedes' unselfish style of play has extended his career. For the first time in 22 years, Hull is teamed with linemates who match him in talent and who approach the game with his same brand of intelligence and devotion to pure basic hockey.

In his rookie year, Nilsson helped Hull score a record 77 goals, and Hull returned the favor the next season by staging a dramatic, one-game strike to protest violence in the game. Hull was particularly incensed at the intimidating tactics that the two Swedes had to endure. Both are 5 feet 11 inches tall and 175 pounds, which is small by Canadian standards. And like most of their hockey-playing countrymen, Hedberg and Nilsson were long on finesse but short on ferocity, so the beatings they absorbed made them think about quitting. "That first year," recalls Hedberg, "the Canadian guys were saying they had never seen anybody go through that kind of stuff."

But the Swedes soon adapted to life in the bone-crunching WHA. Hedberg earned the nickname "the Swedish Express"; and the Scandinavians, teamed up with Hull, form two-thirds of what Jets fans admirably call "the Hot Line." "We can play with anybody," Hull says bluntly—and he won't get much of an argument from rivals in either league. When it's really hot, the line looks like it's playing a game of keep-away, using a complex crisscross pattern to move the puck up ice. "The guy without the puck," says Hull, "does as much work as the guy with the puck."

True Grit: The Swedes worked hard enough last year to achieve superstar status. Hedberg (70 goals and 131 points) and Nilsson (39 and 124) finished second and third among the league's leading scorers. And now that they have demonstrated their goal-scoring ability, they are also erasing any doubts about their true grit. "I try to be physical, to play the body," says Nilsson. "You don't have to be big to do that. And there's a lot of big guys who don't like to hit back."

—PETER BONVENTRE

Russia's Burning Wheat

We know much more about you theater than you do about ours." The speaker was Galina Volchek, one of the Soviet Union's leading directors, and the place was the Alley Theatre in Houston, Texas. Volchek was right: Americans know almost nothing about Soviet theater, but her extraordinary journey to mid-America may signal the opening of a cultural door in the somewhat rusty Iron Curtain. The door had been kicked ajar by Nina Vance, the Alley Theatre's intrepid founder, last May during a Soviet-American-sponsored tour of contemporary

lon" for Americans may be a portent of the future rather than a reflection of the past. It deals with a trainload of civilians, mostly women, who are being evacuated from Moscow in 1941 as the Nazi armies are sweeping through Russia. The trains, or echelons, are traveling east where whole factories with their workers will be reconstituted.

Dissonant Variety: The play thus has an epic theme—the literal displacement of an entire society under the extreme stress of survival. "Echelon" is Soviet Russia in a boxcar, lurching painfully



Photos by Carl Davis

Flanagan (top center)

theater in Moscow and Leningrad. Impressed by Volchek's production of Mikhail Roschin's play *ECHELON* at the Sovremennik Theater in Moscow, Vance, with Lone Star impulsiveness, cornered Volchek in a cloak-



Volchek: Soviet style

through the cross fire of war, while inside life struggles to continue in all its dissonant variety. There's Galina, the strong leader who holds things together; Masha, the factory worker who remembers the horrors of World

War I; Lavra, the brassy, sexy beautician who flaunts her breasts and her sharp tongue but has the strength of her earthy femininity; Iva, the spinster librarian who's spent her life doing lonely calisthenics and saying "One, please" at the theater; Savvishna, who sees doom everywhere; Katya, the young wife whose eyes still bulge with the image of her husband marching off to almost certain death. It's a familiar convention, the Grand Hotel or Ship of Fools, with all the pitfalls of sentimentality that lurk in wait for its cargo of human types.

room and asked her to bring the play to Houston. Amazingly, two giant government bureaucracies cooperated and last week at a gala opening, Volchek became the first Soviet director to restage a Russian play with an American company.

"Echelon" is a tremendously popular play in Russia, but like most Soviet plays it demands a certain empathy on the part of Americans. Luckily spared the direct horrors of World War II, we tend to look with a certain complacency upon others' obsession with that apocalyptic experience. Thinking the unthinkable, "Eche-

Femme Fatale

What is important is the strength of feeling that carries Roschin through most of these ambushes. He's dedicated the play to his mother, whom he accompanied as a child on one of these trains. One man's reality is another man's sentimentality: a line such as "It smells just like bread burning in the oven," which one woman speaks as the train moves through a blasted wheat field, might well have been spoken by Roschin's mother. Strong, simple emotions triggered by extreme conditions are hard to orchestrate in a frankly popular work, and even harder to export to another culture. In "Echelon" we're meeting, not the high art of Russia, but a powerful, representative example of its popular culture, with its poignant determination to pass on to a new generation the memory of that burning wheat.

Memory: American actors in six weeks can't accomplish what Soviet actors can in their customary rehearsal time of more than six months. The large cast at the Alley Theatre ranges from strong to weak (Pauline Flanagan as Savvishna, Bella Jarrett as Masha, Lillian Evans as Lavra are some of the strong), but Volchek has done a remarkable job of working the varying talents into a vital pulsating organism. Her staging emphasizes the reality of memory: the play begins with the "author" assembling the actors for a reading of the play. Almost unnoticeably, the play takes shape—there's a splendid moment when a table is overturned and its pedestals become the wheels of the train—a large rolling platform that rolls and swivels with a life of its own throughout the play.

The Soviet theater, once the world's mightiest with its giant figures like Stanislavski and Meyerhold, is still trying to recapture its creative force since the ferocity of Stalinist repression was replaced by the bland insidiousness of bureaucratic pressure. It's not without significance that Galina Volchek, a woman and a Jew, should have become the artistic director of the prestigious Sovremennik Theater, which specializes in contemporary plays, including some American work such as William Gibson's romantic comedy "Two for the Seesaw" and David Rabe's anti-Vietnam "Sticks and Bones." Volchek caused a sensation with her staging of "The Ascent of Mount Fuji," which dealt with the buried question of the Gulag camps, a play that another intrepid theater lady, Zelda Fichandler, brought to her Arena Stage in Washington, D.C., in 1975.

Baby Face: Volchek is clearly intrepid, as well as dynamic, expressive, warm, brainy and sexy in an appealingly Amazonian way. With her baby face and discuss-thrower robustness, even her father, a famous Soviet cinematographer, didn't think acting was the career for her. "At the Vakhtangov theater school where I auditioned at 15," recalls the fortyish Volchek, "the examiners looked at me and snickered. My heart shrank to a fist, but when I read for them they accepted

me instantly. I burst out crying and told them I didn't like their theater."

Instead, Volchek trained at the Moscow Art Theater Studio School and became a well-known stage and film actress—later this year she will play the superbitch Martha in a Russian version of "Who's Afraid of Virginia Woolf?" She became a director because "I couldn't stand not doing anything between plays." Her mentor was the famed Oleg Yefremov, who had formed the Sovremennik in 1956 as an antidote to the Moscow Art Theater, which, since its great days under Stanislavski, had developed a severe case of arteriosclerosis. When Yefremov left to rehabilitate the Moscow Art, Volchek took over as head of the Sovremennik.

Since then, Volchek has become one of the remarkably innovative directors,



Grimes and Higgins: Crossed affections

along with Anatol Efros, Yuri Lyubimov and Georgi Tovstonogov, who are trying to recapture the glory of Soviet theater. In the wake of Nina Vance's move—"Nina is heroic," says Volchek—all three of these brilliant artists may now follow Volchek to stage their work in American theaters.

Passion: Listening to Volchek (who understands a good deal of English but speaks through an interpreter), you feel the passion for theater so characteristic of Russians. "If I were told I could never act again I'd be the most miserable person in the world," she says. "But if they said I could never direct I wouldn't want to go on living." On her way to Houston, Volchek stopped in New York where she saw a number of plays. She admired the acting of Hume Cronyn and Jessica Tandy in "The Gin Game" and was dazzled by the theatricality of "A Chorus Line." "I would like to see 'A Chorus Line' in Russia," says Volchek. "The theater will help us to understand each other far more than all the official protocol in the world."

—JACK KROLL

After such Broadway successes as "Butley" and "Otherwise Engaged," it's surprising to find a new Simon Gray play opening at the small Hudson Guild Theatre, located in an out-of-the-way Manhattan housing project. Well, perhaps not so surprising. MOLLY, inspired by a famous English murder case of the 1930s, is a curiously floundering effort from one of England's most fastidiously eloquent playwrights. Flashes of Gray's mordant wit do shine through, but the melodrama he has chosen to tell seems to have boxed him into an esthetic corner.

Gray's Molly (Tammy Grimes) is a restless, sophisticated child-woman in her 40s who has come back to a sedate country existence in England with her septuagenarian husband. Underneath her tony contempt is a raging need to seduce everyone around her. A femme fatale in the drab film noir of her life, she takes what she can get—in this case, the fidelity of her prim housekeeper, Eve, whose repressed lesbian infatuation she instinctively exploits, and the body of a young, ungainly handyman, who is whispered to be "funny in the head." The husband, a half-deaf Halifax businessman long past sexual desire, she's already got.

Rage: At the pathetic end, after the boy has murdered her husband in a fit of rage and is about to be hanged himself, Molly has only the loyal housekeeper—the prize she least values. She's left to her crushed self, a seductress without an object of desire.

So were Butley and Simon Hinch of "Otherwise Engaged" left isolated at the end, but the ironies that ricocheted through those plays aren't duplicated here. Whatever meaning this story holds for Gray, the production directed by Stephen Hollis has not made clear. This is a piece that needs an exceptionally strong cast—perhaps the entire Redgrave family—to bring out the undercurrents of crossed affections, but the four leads never lock into a coherent unit. As Molly, Grimes plows across the action like a roaring speedboat upsetting the calm of an English pond. It's a husky, commanding performance, but one of such aberrant intensity that you can't sort out the actress's mannerisms from the character's. Michael Higgins gradually digs into her husband's deeper sides, but he is simply too young for the part. Margaret Hilton's Eve and Josh Clark's handyman fussily scratch the surface of their roles. Gray's play hardly deserves immortality, but it deserves better than this.

—DAVID ANSEN



A Vote for the Canal Treaties

In the fight for the Panama Canal treaties, the Administration's battle flag is gray flannel. Diplomats armed with technical arguments are marching into the teeth of conservatives' cannon. But there is a conservative case for the treaties and it begins by noting that Democratic debate must often be decoded.

When Congress considered subsidizing an SST, the air was thick with arguments about aerodynamics and airline economics. But the argument was not about an airplane; it was about what kind of country this should be. When should government decisions supplement market decisions? More crudely, should government build an expensive plane for "jet-setters"? Today's debate about the canal treaties is only partly about a canal. Beneath arguments about geopolitics and the effect of higher tolls on trade, there is resentment about vanished mastery. In 1954, in Guatemala, the U.S. brushed aside an unsatisfactory government as easily as a waiter brushes away crumbs. But in 1961, across the Caribbean at the Bay of Pigs, an era of shambles began. And now Americans are supposed to feel vaguely ashamed of having constructed the canal that their high-school textbooks celebrated.

A MAN OF THE LEFT

The way to restore Panama to the *status quo ante* (ante Theodore Roosevelt) is not to cede control of the canal to Panama but to cede Panama to Colombia, from which Panama seceded, with U.S. connivance. But Gen. Omar Torrijos's passion for restoration does not extend to dissolving the state where he is supreme. Something like de Tocqueville's compliment to Napoleon (that Napoleon was as great as a man without morality can be) can be paid to Torrijos: he is about as nice as Latin dictators can be. He may be innocent of systematic thought, but he has had the good sense to not be perceived as a man of the left. This has intensified the antipathy American conservatives would feel for him anyway, but it has insulated him against the blinding but selective indignation that liberals allocate for some dictators.

Conservatives know that some supporters of the treaties enjoy finding occasions for the U.S. to retreat, preferably ideologically. But it is a bit late for conservatives to become fastidious about liberty in nations with which the U.S. makes treaties. The canal treaties almost certainly will be approved, but after cosmetic improvements. For example, the

Senate may insert language that stipulates that "expeditions" treatment of U.S. warships in emergencies means "preferential" treatment in the sense of head-of-the-line passage. Whether a second Panamanian plebiscite will be "necessary" to ratify revised treaties will depend largely on Torrijos's interpretation of Panamanian due process, which is unclear. Dictators usually do not think due process requires inconvenient or unpredictable plebiscites.

Some conservatives want the treaties to affirm the explicit right of the U.S. to intervene to protect the canal. Such a provision would be inconsistent with the purpose of the treaties and unnecessary, given the real rules of the game of nations. It would be inconsistent because the essential purpose of the treaties is to assure Panamanian sovereignty and sovereignty means that no power outside a nation has a right to decide what shall be done within that nation's jurisdiction. It is unnecessary for the treaties formally to concede a U.S. right to intervene, because the first law of nations is that "necessity knows no law." Americans must assume that in an emergency their government will do what is necessary to protect what is necessary.

Under the treaties, the U.S. shall have "primary" responsibility for defense of the canal until Dec. 31, 1999. After that, the two nations "agree to maintain" the canal's neutrality. A State Department explanation says this does not give the U.S. "the right to intervene in the internal affairs of Panama," but it does give "each nation the discretion to take whatever action it deems necessary." (Emphasis added.) That may seem like a distinction without a difference, but this is a matter requiring reverence.

PARCHMENT BARRIER

Some conservatives believe that unless something like the State Department interpretation is incorporated into the treaties, the treaties will not "settle" the problem of possible conflict with Panama in extraordinary situations. But it is unconservative rationalism to think that all future contingencies can be frozen in ink, like flies in amber. Like most international agreements, the 1903 canal treaty ratified an act of force, and no laws are controlling when force is involved. A Gettysburg ordinance forbade discharge of firearms on part of what became the battlefield. Bismarck said that every treaty contains the unwritten clause *resubstantibus* (so long as things remain

the same). A treaty is only a parchment barrier, which means no barrier, to a nation's protection of its vital interests against weaker nations. If in an emergency the U.S. lacks the will to do what is necessary rather than what a treaty explicitly says the U.S. can do, then the U.S. lacks the will to do the unpleasant things it would have to do to protect the canal after rejecting the treaties.

Given the vulnerability of the canal's locks, and today's technology (and ideology) of free-lance violence, it is harder for the U.S. to protect the canal than to protect Europe. The treaties will not limit the U.S. right to guard air and sea approaches to the canal. And by increasing Panama's revenues, the treaties will give Panama an enlarged stake in helping with defense. Panama's only substantial "natural resource" is its narrowness. After the treaties are ratified, the tolls, which have been unreasonably low, will rise to a level that will mean much to Panama but will not be burdensome to the U.S.

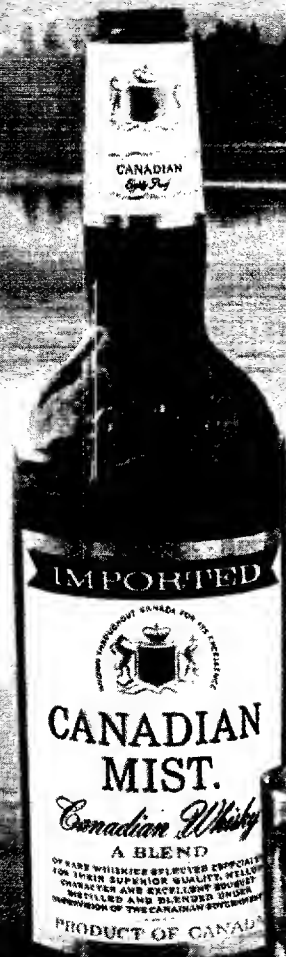
AN ACT OF GRACE

The conservative intuition is correct: liberals exaggerate the importance and plasticity of foreign opinion. Latin America will still dislike the U.S. after the treaties are ratified. But the best situation for the U.S. in Latin America is one in which the U.S. is thought of as little as possible, and rejection of the treaties would make the U.S. an obsession there.

Some conservatives would have the U.S. assuage its sense of impotence, and frighten its enemies, by frustrating Panama's nationalism. Not since the Mayaguez affair, the U.S. victory over the Cambodian Navy, has so much pride been invested in so small a challenge. The treaties are less instruments of strict equity than instruments in which considerations of prudence and magnanimity converge. Unquestionably, the U.S. has a formal legal right to remain the cause of Panama's physical division and psychic distress. But proper conservatives insist upon higher standards of behavior than mere legality. Manners are a species of morals and it is ungentlemanly to insist too punctiliously upon formal "rights." The treaties can be supported as an act of grace by a great nation that, having attended to its interests, does not press its advantages.

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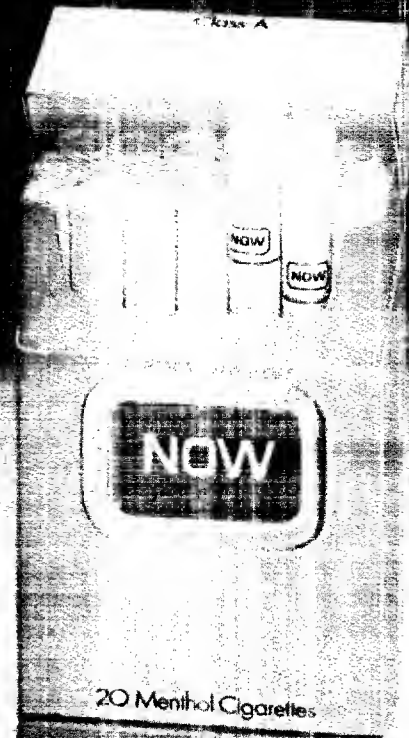
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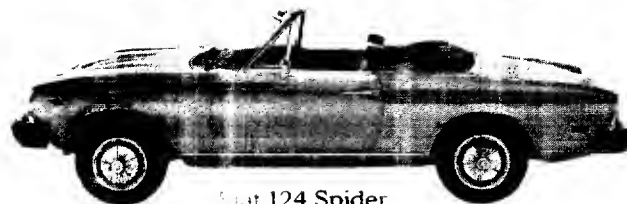
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Letters → to the Editor

State of the Union

I got the impression from studying President Carter's facial expression during his state-of-the-union speech that he did not believe what he was trying to shove down the people's throats. In fact, I thought that at times he would laugh right out.

WALTER B. STEELE
Brookings, Oreg.

The speech was very good. Sure, Mr. Carter has made mistakes, but no one is perfect. The U.S. is at peace; taxes are down; he has created many jobs. So, come on people—stop making fun of him and give him a chance.

PAM WAINAUSKIS
Dumfries, Va.

New Man at the Fed

Thanks for an incisive interview with G. William Miller [January 16 issue]. You asked him all the right questions on inflation. His answers give promise that he believes the wage-price spiral to be public enemy No. 1. I hope what he says is not just rhetoric.

JOHN O'BRIEN
Staten Island, N.Y.

Work Attitudes

Your interview with Eli Ginzberg [January 23] is one of the most sensible pieces ever published on the subject of work and attitudes toward it. As long as menial jobs such as those on the assembly line remain tedious, the quality of work and the level of productivity will remain low. Perhaps some of the solutions Professor Ginzberg offered could answer some of the questions raised in your January 16 article, "More Output at Lower Cost—Test for U.S."

KERRY DWYER
Woonsocket, R.I.

The caption under the picture of the auto-production line, "Assembly-line jobs: They're 'still boring,'" indicates a kind of unreality which afflicts this country to the point where it seems generally accepted that every person has a right to a job which is exciting and entertaining, high-paying and not very demanding. I have worked in a textile mill, jerked soda, sold clothing, taught at a university, been an international transport pilot and am now a minister. There just aren't any jobs which do not have very boring aspects.

Boredom is a state of mind and says a lot more about the bored person than

it does about the job. Happiness comes from feeling that one is contributing a little more than one's share. Poverty is how one feels when he is dependent on others to do for him what he ought to be doing to pay his way. Happiness is entirely divorced from the amount of money a person receives. It has to do with one's feeling of self-worth.

EDWARD D. ROBERTSON
Kansas City, Mo.

How did Eli Ginzberg, billed as an authority on manpower problems, gain knowledge as to how a soldier thinks? Ginzberg's comment [about soldiers' attitudes toward work] is insulting to the military, untrue in its generalization and totally misleading to all who accept him as an authority.

MAJ. GEN. C. W. HOSPELIORN, USA (RET.)
Bon Aqua, Tenn.

Soviet Weapon

In regard to your January 23 article, "Russia's New Surprise Weapon": The SS-20 is no surprise weapon. As usual, the U.S. turned its head and ignored the problem until it became too big to overlook. The SS-20 is the most potentially dangerous weapon that the Soviets have. It is almost treasonous for Administration after Administration to sit back and allow this to happen. We negotiate away all of our advantages, and the Soviets give up nothing.

LARRY J. BOWEN
Monroeville, Ala.

It may be, as you reported, that the Soviet SS-20 tactical missile is capable of conversion into a strategic weapon, and it may be that the SS-20 will not be limited by SALT II. It is also true that thousands of U.S. nuclear-capable tactical aircraft, of which an increasing number are being based within range of the Soviet Union, could act as strategic weapons. But we should ask ourselves what either force will enable either side to do to the other which it could not already do with strategic weapons permitted under SALT II. This answer is simple: nothing at all.

Why, then, this nonsensical talk about the SS-20 "upsetting the nuclear balance"? Let us not work ourselves into a tizzy over trivia.

THOMAS J. DOWNEY (*Dem.*), of New York
U.S. House of Representatives

Shift to Conservatism

Your interesting article on America's shift to conservatism [January 23] is

marred by one fault: labeling the leftists in this country as liberals. They are nothing of the sort. A liberal is a person who believes that everyone is entitled to the fundamental rights of life, liberty and the pursuit of happiness. Those who believe in womb-to-tomb welfare, a Government-controlled economy, redistribution of income, reverse discrimination, everyone's "right" to a job and socioeconomic egalitarianism are socialists, not liberals.

LOUIS A. BARRAZA
Richmond, Calif.

Conservatives have given the U.S. Vietnam, Richard Nixon, Chile, civil-rights opposition and a host of other issues which have served to convince an entire generation that conservatism as a political philosophy is essentially devoid of principles or morals. Let America's conservatives revel in the fact that they now enjoy a majority. It will never happen again.

WILLIAM DENNEY
Mount Vernon, Wash.

The Marston Affair

Regarding your article on the matter of firing U.S. Attorney David W. Marston [January 23]: Our country's top law officer claims this is "regular politics." It grows more apparent that some of our leaders can't stand the heat created by people like Marston, people doing a good job. USN&WR should continue to report on the events related to this less-than-fair-play situation. I voted for Carter.

MILTON LEE KING
Verdi, Nev.

Representative Eilberg pulled the string, and the real Carter stood up.

JOHN A. GRECO
Old Forge, Pa.

Traditional Learning

Marvin Stone hit the bull's-eye with the editorial "Common Sense in College" [January 23]. Being a student myself, I find the competency of today's college undergraduates astonishingly inadequate, and am appalled that our colleges and universities have become passive to the point of allowing and even encouraging student bodies to decide what courses are to be taught and who will teach them.

We need a national body to establish national standards of academic excellence. Only when our places of learning promise to meet and enforce those

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standards should they be eligible for federal educational funds.

ALAN J. BERGSTROM
Monterey, Calif

As a high-school student preparing for college, I disagree with the humorous idea that colleges should require a minimum number of basic subjects. Who says what's basic and what isn't? If taken out of hand (if even taken seriously) this proposal would amount to a total restructuring of college curricula. Those of us who have our lives roughly mapped out don't like strangers tampering with our choice.

HELEN S. WELLS
Charleston, S.C.

A solution may be to award a certificate of attendance to those who want to preserve the "right to choose for themselves a course of study" and confer a degree on those who successfully complete school requirements.

JOHN T. CARNEY
Winter Park, Fla

Beating Inflation

In the January 16 article, "Beating Inflation: Odds Are Against You,"

stocks made the poorest showing of all of the types of investments examined. In the manner shown, they did. Yet, this is only part of the story. I have bought stocks chiefly for income, not just for growth. While at present they have performed about as you say in terms of growth and buying power, my earnings have done very substantially better. After all, the dividends are what I live on, not the buying power of the capital.

RUSSELL K. LEBARON
Springdale, Ark.

You stated that savings certificates pay up to 7½ per cent at savings banks and 7¾ per cent at savings and loan associations. This is inaccurate. Both institutions pay up to 7¾ per cent interest if the money is untouched for six years or more, as prescribed by law.

JOHN B. POWERS
*Savings Banks Association of N.Y. State
New York City*

Palestinian Homeland

Before seeing your map of Israel's controversial settlements ("West Bank—Where Peace Hopes Could Withers," January 23), I believed that only three or four settlements were involved. It is plain that Israel has literally inundated areas of the occupied

lands. Had I known of this situation as it was progressing, my reserved acceptance of Israel's occupation to form a defense buffer around itself would have changed. In the Golan Heights, West Bank, Gaza and parts of the Sinai, there would be no room for Arab refugees to go back to. In reality, Israel was absorbing in the guise of occupying.

JOSEPH VEGH
Corpus Christi, Tex.

Can anyone blame Israel for insisting on maintaining a military presence on the West Bank while granting the Palestinians self-rule? This request is mild compared to what the U.S. and its Allies justifiably demanded after World War II in occupying and administering control over Germany, Japan and Italy.

It would be wise for those who favor a Mideast peace settlement on Arab terms to ask themselves whether there was ever a time in history that a nation whose armies were defeated was allowed to dictate the terms of peace and, if so, what deterrent there would be to prevent their starting one war after another.

ROBERT E. BORN
Los Angeles

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"Dick Cavett introduced me to the white rum martini."

"I first met Dick when we were both in a whacky off-Broadway play in a theatre so small, the cast out-numbered the audience.

One night during the play's very, very, very brief run, Dick insisted that I (a gin man) order a drink I'd never tried before—a white rum martini. 'This will strike you as heretical,' he said, 'but you may like it better than your beloved gin.'

I've stayed with the white rum martini ever since. It has a smoother, cleaner taste than the gin variety.

Today, I'm a journalist, Dick's doing his new TV show and, happily, we're still pals.

We've noticed that a lot of people are now asking for white rum instead of gin or vodka. Well isn't that how it always goes? When a good thing comes to off-Broadway, it usually finds its way uptown.

Convert yourself.

Instead of automatically ordering a gin or vodka martini, try something smoother—a white rum martini mixed with Noilly Prat dry vermouth. It's smoother for a very good reason. Unlike gin and vodka, white rum from Puerto Rico is aged for at least a year before it's bottled, and when it comes to smoothness, aging is the name of the game.



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A LOOK AHEAD FROM THE NATION'S CAPITAL

Newsgram®

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This fact is getting through to more and more taxpayers and lawmakers:
Middle-income workers will get clobbered by taxes in the years ahead.

Unless Congress changes things, frustration among the most articulate and politically active group in the nation could force a remaking of the tax system . . . even a major realignment of the country's political forces.

Look at what could happen to an American on the way up the income ladder--
Income now: \$17,700 a year; annual raises: 10.3 per cent a year, same pace as the Social Security wage base goes up. In 1987, with income at \$42,600, he or she is ready for the better life. But that year--

Federal income taxes alone will take 318 per cent more from him than they do today, even assuming the reductions proposed by President Carter become law.

Social Security tax will be up 184 per cent under the schedule already passed by Congress. Plus more local property and State taxes, energy taxes still to come and higher prices as a result of inflation.

That's a theoretical case. But for many people it will be reality.

More than 10.3 million workers today make between \$15,000 and \$20,000 annually, ripe for the tax squeeze coming between now and 1987. The 8.6 million workers making more than \$20,000 a year will feel it soonest.

Economic danger is that the tax pounding--if not eased--will depress the stock market further, erode incentives of managers, encourage tax evasion.

But also . . . what's happening could push together in one antitax group the upper crust of union workers and businessmen and professionals. Keep in mind that many in organized labor--highly paid construction, automobile and steel workers, especially--will be caught in the tax bind.

Will Congress take pity on middle-income people? Very likely.

First step: revamp Carter's latest tax proposal to give more relief to middle and upper-income taxpayers. Reforms? Most will wither in committees.

Out: cutting the deduction for business meals. Possible but unlikely: ending business deductions for yachts, hunting lodges, country-club dues.

Little chance: ending deductions for sales and personal-property taxes.

Dead: phasing out tax aid for export-related subsidiaries of U.S. firms. Sentiment now is that the break should be continued to help overseas sales.

Unlikely: making taxable some jobless benefits for higher-income workers.

What about Social Security taxes? Congress won't consider changes in

(over)

payroll-tax schedule this year. But clamor will rise for a smaller bite, and the tapping of regular tax revenues for the system, in the 1980s. If not--

Watch for steady annual reductions in income-tax rates in the years ahead to hold down the total federal tax burden.

Americans are more and more cautious about where they stash their dollars.

Latest Government estimates of where individuals are investing--almost 3 trillion dollars at the beginning of 1978--show it.

Note these trends: The amount put in savings accounts has expanded from 14 per cent of total holdings in 1950 to 33 per cent.

In life-insurance and pension reserves, from 17 per cent to 22 per cent.

Corporate stocks went from 28.5 per cent in 1960 to almost 40 per cent in 1960. Now the slice of individual assets in stocks has dropped to 21 per cent.

Today's slumping stock market isn't likely to bring a turnaround soon.

Carter's plan to cut back on U.S. sales of arms to foreign powers is cracking up. It's bumping into global realities.

The goal was to keep annual sales under 11.2 billion dollars. But projections for this year already run to 13.2 billion. And more to come--

In the Middle East, the Egyptians are pressing for some F-5E fighter planes. Israel wants 150 F-16s and 25 more F-15s. Saudi Arabia, 60 F-15s.

In Africa, Soviet military intervention in Ethiopia is prompting another look at providing arms to Somalia as a counter to the Russian threat.

In South Asia, India wants to shift to Washington as its major supplier of arms after years of dependence on Moscow. Indonesia is getting 16 planes.

In South Korea, the U.S. is pledged to increase armament shipments to offset the proposed withdrawal of U.S. troops.

Most will get what they are asking. Carter seems to be learning that the sale of arms to foreign powers is too good a diplomatic weapon to throw away.

There's better news for Carter on another tough foreign-policy issue: the Panama Canal treaties. The outlook for Senate approval suddenly is brighter.

Senate leaders are working out this deal: Amend the treaties to win enough support without forcing Panama to hold another plebiscite on them.

The changes would certify the U.S. right to defend the waterway's neutrality, guarantee "head of the line" passage for American warships.

Head counters say they have the votes to approve amended treaties--but only after a hot debate when the treaties hit the Senate floor.

Carter's budget deficit for next year would be a lot bigger than 60.6 billion dollars if everything were counted. By law, some agencies, like the Federal Financing Bank, are not tallied. Their deficit: 12.5 billion.

Add up all the red ink this year and next--in the budget and out--and you get 167.6 billion dollars to be financed by Treasury borrowing.

Says Representative George Mahon, House Appropriations Committee chairman: "If that figure does not startle the American people, then we as a nation have lost our ability to be concerned about the nation's fiscal situation."

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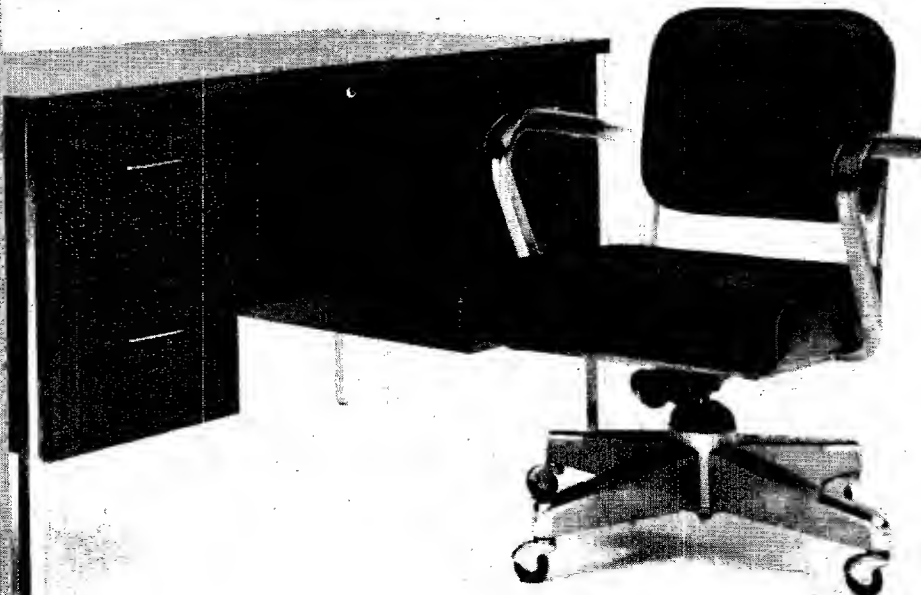
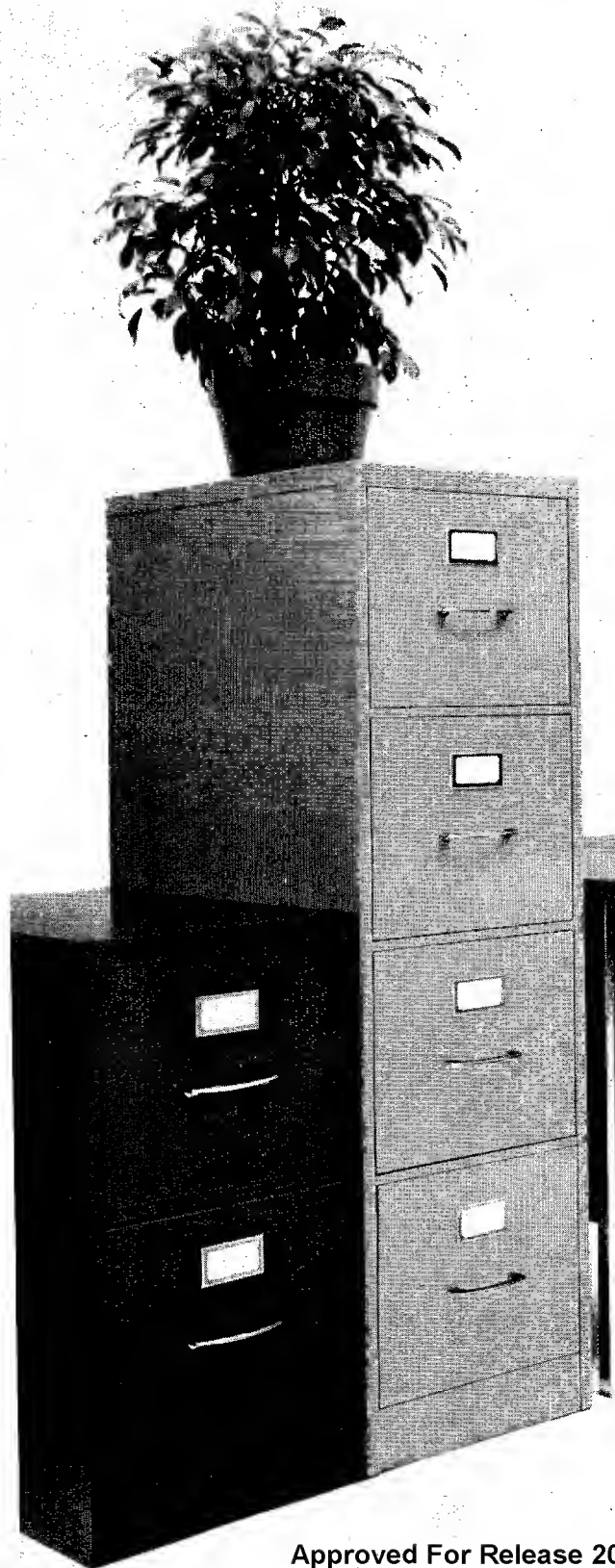


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The world is filled with get-rich-quick schemes. Most of them, alas, don't work—and cause unwary investors to lose millions of dollars every year.

But there are many excellent and completely sound opportunities to get rich slowly that often are overlooked by the average person.

For instance, did you know that if you started investing just a little more than \$80 every month at the age of 30, and got a 15% return compounded annually, by the time you were 65 it would add up to \$1,013,346? Over a million dollars from about \$80 a month!

Of course, this does not take into account the income tax you would pay on the return from your investment. But sound tax planning can reduce this factor to a minimum.

And if you are older than 30, it is true that you do not have as long a period of time to pyramid your savings, but you probably are earning more than you did at 30 and can afford to save and invest more than \$80 a month.

\$80 a month, admittedly, is not "small change." But with shrewd money management, many families can save that amount. And getting a return of 15% on an investment, although very good, is not as impossible as it may sound.

In one recent 20-year period, the combined annual return from dividends and capital appreciation on all common stocks averaged 14.3%. And returns in selected kinds of stocks were much higher. So even in periods when the average return does not approach 15%, the returns from individual stocks may do so.

Similar returns may be found in well-chosen real estate investments or in a carefully managed family business.

Then why don't most of us end up with at least a million dollars by the time we're 65?

Sometimes it is due to unavoidable circumstances—unemployment, family illnesses, and so forth. But surely an important factor is simply a lack of knowl-

edgeable planning and sound money management.

It is with this common problem in mind that the publishers of *U.S. News & World Report* have now developed the **MONEY MANAGEMENT LIBRARY.**

This series has been designed to provide you with the professional guidance necessary to manage your money—to help you do the best possible job of saving it—stretching it—investing it—minimizing the tax on it—and passing it on to your heirs.

And to acquaint you with the series without obligation, you are invited to read the first volume in the series, "Planning Your Financial Future," free for 10 days.

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- How you can calculate your social security benefits.

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Business Votes "No Confidence"

It was a massive effort by the President to spell out a program that would win backing of industrial leaders. First reaction: Carter has a long way to go.

White House hopes of giving business a lift with a cohesive economic program ran into trouble in late January, almost before the plan got off the ground.

Negative reaction among business leaders was so strong, in fact, that Administration officials charged, in the words of one, "Business just won't give us a chance to show what we can do."

The early verdict came not only from executives of major companies, but from financial markets as well.

The big problem: President Carter has been unable to convince businessmen and investors, abroad or at home, that his program of tax cuts and a moderate boost in federal spending will mean less inflation rather than more.

Despite the prospect of a tax cut that will tend to boost the per-share earnings and dividends, stock prices sagged again on January 23, the day Carter's budget message went to Congress. The Dow Jones industrial average was then at its lowest level since April, 1975. It dropped even more later that week.

In foreign-exchange markets, the dollar drifted lower. Traders said that the Carter program was expected to lead to more inflation, which would be bad for America's balance of trade.

Grim outlook. Among U.S. business leaders, the consensus was that nothing Carter proposed had changed the outlook in any significant way and, if anything, fear of inflation had increased.

From Charles G. Bluhdorn, chairman of Gulf & Western Industries, came this appraisal of Carter's effort:

"I don't see where his program does anything to inspire confidence in the business community. . . . One gets the impression that the President is trying to change our system without knowing

what to change it to. There is nothing wrong with being a populist President, but if he doesn't know what road he is traveling, how should the rest of the country know which way to go?"

John R. Bunting, chairman and chief executive of the First Pennsylvania Corporation, a bank holding company in Philadelphia, said that events since the beginning of the year have convinced him that the nation is in for more inflation and less economic growth than he was hoping for. Bunting pointed to "real panic in the stock market" and the "sharp slide in the dollar, only arrested and not reversed" by efforts of the Treasury and the Federal Reserve Board. Replacement of Arthur F. Burns, Chairman of the Board, with G. William Miller, according to Bunting, is an indication that

monetary policy will be tilted less forcefully against inflation.

Little that Carter has done to reassure business on inflation seems to work as intended.

Few businessmen were impressed by his claim that the prospective increase in federal spending in "real" or noninflationary terms will be held to less than 2 per cent. In actual dollars, the boost comes to 38 billion dollars.

A fairly typical reaction came from Ben Love, chairman of Texas Commerce Bancshares, in Dallas. The increase, he noted, was "less than 2 per cent of a very large number." The fact that the budget has grown in just five years from a little over one quarter of a trillion dollars to more than half a trillion "does sober me," Love said.

In New York, Tilford C. Gaines, vice president and economist of Manufacturers Hanover Trust Company, said he thinks that, with the economy "rolling along pretty well," Carter should have avoided a tax cut and used the increase in revenues to reduce the deficit from an estimated 61 billion dollars in the year starting October 1. Gaines is convinced that Congress will cut taxes, not 25 billion as Carter proposes, but 30 or 35 billion and that the big deficit will make it hard for the Federal Reserve to prevent a sharp rise in interest rates.

Empty words? Carter also promised to pay close attention to the costs that federal regulations inflict on industry. Here again, he failed to convince.

Said banker Love: "I can tell you what will be the topic of conversation in any luncheon with business execu-



"Into the land of the abominable snowman."

ture, looks as if he is deliberately trying to paint businessmen as drunken villains.

but so that people could be saying by the end of this year that it looks as if the rate of inflation is

or them would not survive a cost-benefit analysis.

ives. It will be the burden of regulations coming from Washington. We are being hit from behind with a two-by-four, and we're worrying that Congress will make it a four-by-four. We know that won't make it a one-by-four."

Carter's message contained a mild plan for reducing inflation. It suggested that most unions and companies should be able to hold increases in pay and prices this year to less than the average of the two preceding years. Government officials will try to anticipate the major decisions and invite company and union heads to talk them over in advance, the President said.

That plan was almost immediately denounced by people it depends on for success. President George Meany of the AFL-CIO called it "a step down the road toward controls."

Many businessmen said that the government is responsible for inflation and that Carter, in effect, is trying to shift onto management and labor the responsibility for slowing it down.

Even the Administration's own economic forecast provided little ground for optimism. Consumer prices are expected to rise 6.1 per cent from last December to next December, a good deal faster than they have been going up in the past six months. The economic message noted that "since 1975, inflation has persisted stubbornly at a 6 to 6½ per cent rate" and emphasized that reducing the rate will be difficult.

Modest praise. Not all business executives were equally critical of the President's economic program. Thornton F. Bradshaw, president of Atlantic Richfield Company, in Los Angeles, said the program "improves the outlook for business, more for what it doesn't do than what it does do. It's definitely middle of the road."

But Bradshaw went on to say that the investment decisions his company has to make hinge much more on the kind of energy bill that Congress passes. That is still up in the air.

Reginald H. Jones, chairman of General Electric Company, praised Carter for taking "modest steps to stimulate capital investment."

But few, if any, firms seemed anxious to boost capital outlays. The Carter proposals have not changed the outlook for such investments at Union Carbide Corporation, according to Chairman William S. Sneath. His company plans to spend less on new plants because of "overcapacity" in the chemical industry.

What the mood of business suggests

Interview With a Leading Economist

What Business Wants Most From Carter

Here, from one who advised Presidents in the past, comes an analysis of the Administration's most perplexing economic problem.

Q Professor McCracken, business appears to have little confidence about the future. Do you share that impression?

A Surveys do not indicate that expectations of sales are at a particularly low level. In fact, they've recovered very sharply during the past few years and are holding at a fairly high level.

Nonetheless, there are indications of a problem of confidence—not only in the business community but in the population generally. The latest survey by the Survey Research Center at the University of Michigan points to a significant further decline in optimism about the economic outlook. When people are asked to look ahead for five years, they are much less optimistic than they are about conditions only 12 months ahead.

Q Why is that?

A It centers on less confidence in the economic policy of Government in Washington. That's generally been true for nearly three decades, with two brief exceptions: the first term of the Eisenhower Administration and the early 1960s during the Kennedy Administration.

In the first of those periods, the nation had just emerged from the Korean War. In the second, Kennedy had inherited from Eisenhower a price level that had been stable for three years. From then on, people have not been very happy with the Government's management of economic policy—through Democratic and Republican administrations alike.

Q Just what do business people mean when they talk about confidence as an economic factor?

A Confidence is an elusive thing. To executives, it usually means whether they are willing to bet their companies' money on projects that depend on future business conditions to make them pay off.



Paul W. McCracken was an adviser to Presidents Eisenhower and Nixon, and was a Chairman of the Council of Economic Advisers. He now teaches at the University of Michigan.

time of plans for outlays to expand and improve the basic facilities of industry. That is the weak spot today, and I suspect that this elusive thing called uncertainty is a part of the problem.

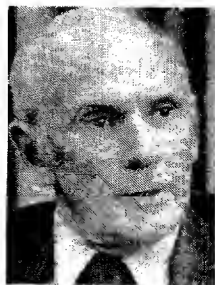
Q Is President Carter's new economic program likely to impress business?

A The program set forth in the state-of-the-union and budget messages ought to make some positive contribution, perhaps partly because it is not all that new and startling. He emphasized that jobs must be primarily in the private sector. The proposed reductions in taxes were, broadly speaking, pretty well worked out. But here the President tends to create unnecessary problems for himself. That emphasis on giving businessmen only a martini-and-a-half lunch, instead of a three-martini lunch, and telling them they can't ride first class in airplanes—these are pettifoggish suggestions that clutter up the landscape and detract from the favorable impact the program otherwise could have.

If the President would resist his tendency to demagogue on these unimportant items and keep people

For Carter:

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Cranston



Conable



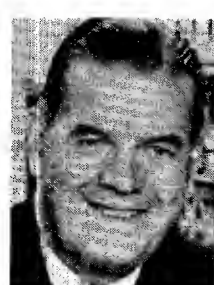
Durkin



Simon



Rallsback



Burke

of the 50 States that in 60 days he wants them here for a White House conference on energy.

He should go on TV with the Governors and talk about energy. He should set specific goals such as cutting oil imports by 5 per cent each year. He should force the country into action.

Senator Patrick J. Leahy (Dem.), of Vermont: One thing the President should do is tighten up the organization of the White House.

There are some good people in the White House like Frank Moore, who runs liaison with Congress. But there are others you can't really get anywhere with. Staff people like Hamilton Jordan won't ever return your phone calls and yet Carter will call you back in 10 minutes.

Representative Mary Rose Oakar (Dem.), of Ohio: The President has got to do more communicating with Congress. It is very important for his supporters up here to know when he's shifting positions. Very often we don't find out about the change until we've jumped off the bridge.

Representative Silvio O. Conte (Rep.), of Massachusetts: Carter has got to stop drifting, take a stand, take his lumps and battle on through. He's been too much like New England weather. It changes quickly.

Senator Richard S. Schweiker (Rep.), of Pennsylvania: The President ought to live up to his campaign promises. He promised to eliminate politics from the selection of judicial appointees. He broke that promise when he fired David Marston [a Republican U.S. Attorney in Philadelphia]. He's broken every promise he's made. That's why he is losing the confidence of the people and the Congress.

Senator James R. Sasser (Dem.), of Tennessee: President Carter needs to develop a close personal relationship with a few influential Senators and Congressmen. John Kennedy had friends in the Senate who would stand by him right or wrong. So did Lyndon Johnson and Gerald Ford. President Carter needs those kinds of contacts.

Another thing he could do is to allow committee chairmen to have more say in [White House] proposals that fall

within their jurisdiction. That should help them feel that they have a stake in the legislation, and its chance of passage should increase.

Franklin Roosevelt did that well. He'd call people in and soon have them believing it was their bill.

Senator William V. Roth, Jr. (Rep.), of Delaware: Carter should move courageously to see what private industry can do in creating jobs. Jack Kennedy did it in his Administration. And he should try to hold down spending, and support a three-year across-the-board tax cut to help create savings, develop industry and be fair to the middle class.

As it is, the middle class will pay more taxes under his plans. In every country that is moving ahead you'll find the private sector doing it.

Representative Joseph L. Fisher (Dem.), of Virginia: My advice would be to keep doing what he seems to be doing now—rigorously set priorities and then go for those priorities. In this order, the priorities should be an energy bill, an anti-inflation program and a reduction in unemployment.

In foreign policy, I would say narrow the focus. Take things one or two at a time.

Press for approval of the Panama Canal treaties but with acceptable modifications. Without seeming to promise too much, continue to use the American Government's good offices in the Middle East.

Senator Ted Stevens of Alaska, Republican whip: The President should make Pennsylvania Avenue a two-way street and give more advance consultation to Republicans. He must try to understand that Republicans are Americans and a great deal of support will come from our side, ultimately, if we are not too antagonized by him.

Representative Dale E. Kildee (Dem.), of Michigan: The President should concentrate on a few major problems instead of trying to solve a lot of them.

I'm sure that greatness comes from being involved in crises, but his term may not be marked by a lot of crises. Maybe he has to settle down to a noncrisis type of government. It may not be as exciting, but it is just as important to the country. □



Schweiker



Sasser



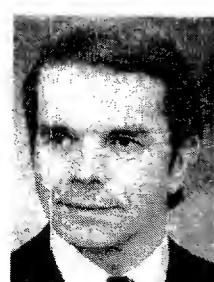
Roth



Fisher



Stevens



Kildee



Fired: Attorney General Bell.



Fired: U.S. Attorney Marston.

Questions Still Linger In the Marston Affair

From the controversial firing of a U.S. Attorney, Carter emerges with a legal victory—but faces a continuing political furor.

After a very unusual investigation, President Carter and Attorney General Griffin B. Bell have been officially cleared of obstructing justice.

But Carter still has political—and credibility—problems over the way he handled the removal of David W. Marston as U.S. Attorney in Philadelphia.

It began with what usually would be regarded as a normal political move: Carter last November told Bell to "expedite" the removal of Marston, a Republican, to make way for a Democrat.

What lifted this case out of ordinary politics were these facts: Carter acted at the urging of Representative Joshua Eilberg, a Pennsylvania Democrat. Eilberg turned out to be a possible subject of an investigation by Marston's office.

This raised a possibility that Marston's removal might amount to an obstruction of justice—a criminal offense.

That led to the unusual action of the Justice Department's investigating both its own chief—the Attorney General—and the President. The investigation was conducted by Michael E. Shaheen, Jr., head of the Department's Office of Professional Responsibility.

The Department's verdict was an-

nounced on January 24 by Solicitor General Wade H. McCree, Jr.

In a memorandum to Shaheen, the Solicitor General said: "I concur in your finding that when the decision was made to expedite the replacement of Mr. Marston after a telephone call to the President from Congressman Eilberg, neither the President nor the Attorney General knew or had any reason to know that Congressman Eilberg might be of investigative interest to the Department of Justice...."

"I therefore adopt your conclusion that the action of the Attorney General in no respect constituted an obstruction of justice."

Information gap? Marston told investigators he had not mentioned Eilberg's possible involvement to anyone in the Justice Department until after Eilberg's call to Carter. Other affidavits by Department lawyers said that information had not been relayed to Bell or to Carter.

This led Bell to order all U.S. Attorneys to notify the Department in writing when investigating public figures.

The Department's finding did not quiet the political furor. In fact, the investigation raised new questions about seemingly inconsistent statements made by Carter.

In a written statement to Shaheen, Carter said it was not until January 12 that he "first heard" that "Eilberg was of investigative interest to the Depart-

ment of Justice or the U.S. Attorney in Philadelphia." His information, he said, came from a White House aide "a few minutes before the press conference which I held on that day."

Yet at that news conference, Carter had told reporters "As far as any investigation of members of Congress, now or ever, I'm not familiar with that at all, and it was never mentioned to me."

Powell's explanation. Under questioning by reporters on January 26, White House Press Secretary Jody Powell gave this explanation of Carter's news-conference statement: "The President was told that Congressman Eilberg's name had come up in the course of another investigation, not an investigation of Congressman Eilberg."

Politically, Carter faces the problem that in his 1976 campaign he declared "All federal judges and prosecutors should be appointed strictly on the basis of merit without any consideration of political aspects or influence."

Critics are asking how Carter's removal of a Republican U.S. Attorney to make room for a Democrat squares with that campaign position.

Marston built up a reputation as a vigorous prosecutor of official corruption. In the 16 months after his appointment by President Ford, Marston's office convicted several Democratic figures in Pennsylvania.

Marston will not discuss Eilberg's case, but his affidavit to the Justice Department said there was "a possible Eilberg involvement" in his investigation of a Philadelphia hospital project.

Addressing Washington's National Press Club on January 25, Marston said: "If a single Congressman can remove his home-town prosecutor who's actively investigating public officials with a single phone call to the President—if that can happen, and that's what did happen—our federal criminal-justice system won't work...."

"No amount of rhetoric will ever convince the bagmen and the fixers that they can't pull strings in Washington, because they're sure that strings got pulled in Washington."

Attorney General Bell said the investigations that were being conducted by Marston would be carried on. But the dispute over Marston's ouster continued, in the press and in Congress.

House Speaker Thomas P. ("Tip") O'Neill, Jr. (Dem.), of Massachusetts, called Marston "a Republican political animal" who was out "to get Democrats." House Minority Leader John J. Rhodes (Rep.), of Arizona, retorted: "The Speaker's attack further degenerates the situation already being handled so poorly by the Democratic Justice Department." □

Special Report

Bleak Days at Justice Department

First, it was Watergate and the FBI; now the Marston affair, latest in a wave of troubles jolting the agency. Big changes are under way. But will they be enough to calm the turmoil?

To many outsiders, the Justice Department has the look of a harried bureaucracy coming apart at the seams.

In the last few weeks alone, these symptoms of disarray burst before the public:

- President Carter and Attorney General Griffin B. Bell were investigated for possible obstruction of justice—and cleared—in connection with the firing of U.S. Attorney David Marston in Philadelphia. A Republican appointee, Marston was responsible for the conviction on corruption charges of several Democratic politicians and said he was in the midst of further investigations of political corruption at the time he was replaced.

- It has taken more than a year to replace the Director of the Federal Bureau of Investigation, whom Carter criticized during his presidential campaign. His first choice for the post withdrew because of ill health. The second, William H. Webster, a federal judge, still must be confirmed by the Senate.

- Five attorneys stepped out of a case involving investigation of key FBI officials because they disagreed with Bell over how to handle the prosecution. A new 10-

man team has been named to the case.

- A Justice Department deal with South Korea to obtain the testimony of Tong-sun Park in connection with alleged influence buying on Capitol Hill touched off an angry confrontation with the House team probing the same affair.

- A plea-bargaining deal that spared former CIA Director Richard M. Helms from a prison term plunged

the Department into a controversy over whether American justice is tilted in favor of the powerful and well connected.

Are things as bad as they appear?

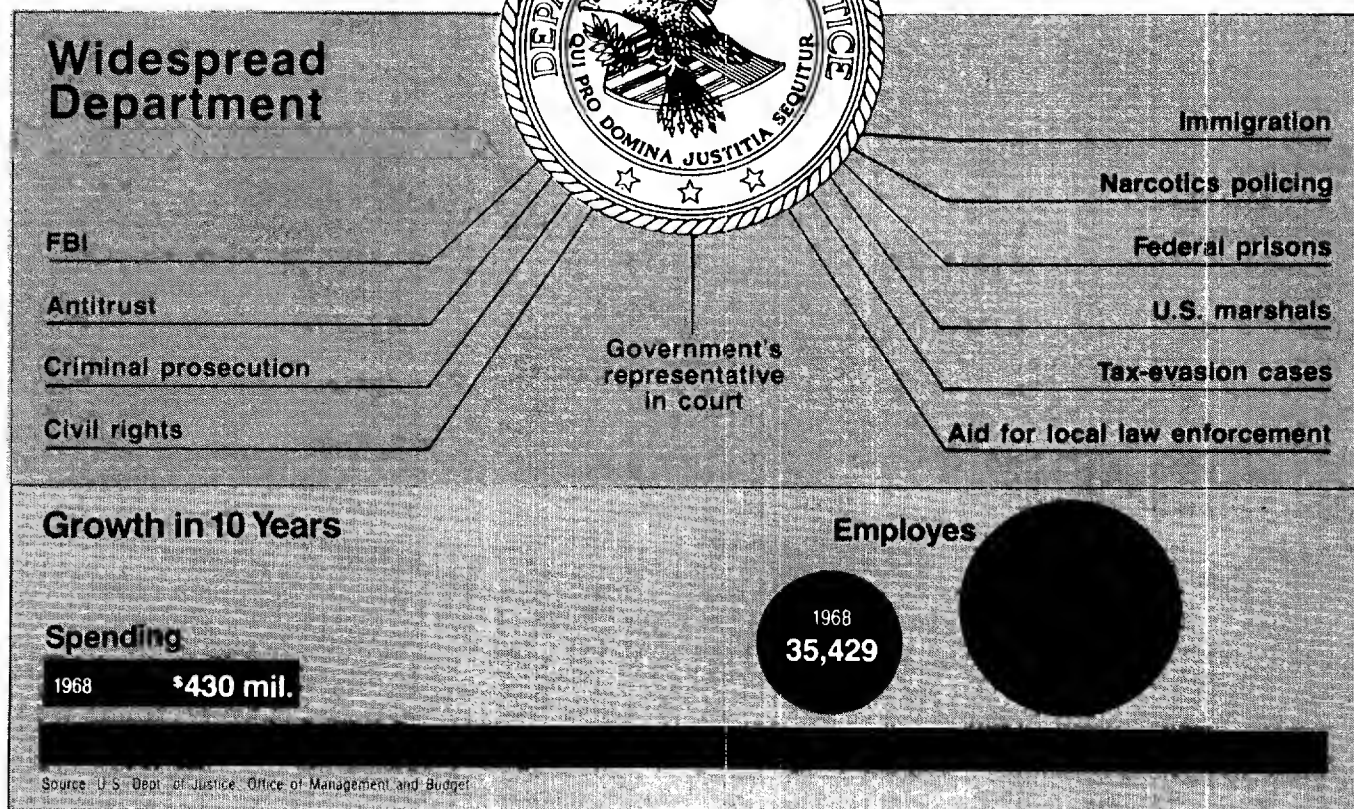
Some career officials caution that the cumulative effect of these events is misleading. They argue that, in reality, Justice is shaking off many of its problems and getting things under control after a long period of uncertainty.

Critics within the agency are not so charitable, claiming that one of the most important parts of the Federal Government is a whirlpool of controversy and confusion.

Both sides agree that it is difficult to overstate the Justice Department's role in national affairs. The agency handles much of the Government's legal business, patrols the borders, operates the largest federal law-enforcement unit, represents the U.S. before the Supreme Court, prosecutes price fixers, pursues dope dealers—and more.

What emerges from an in-depth look into the actual situation at Justice is this:

Neither the morale of its employees nor the public esteem in which they are held has rebounded as rapidly from the Watergate scandal as officials had hoped. "There is



an impression of confusion here," one ranking Department official said even before the Marston case erupted. "Over the last few weeks I've asked myself, 'What's going on?'"

Few dispute that the mid-1970s marked one of the most disastrous periods in the Department's history—highlighted by the criminal convictions of two former Attorneys General, John Mitchell and Richard Kleindienst, and the exposure of illegal activities by the once-sacrosanct FBI.

Compounding the confusion is an effort by the Administration to carry out some of the biggest changes in the Department's 105-year history. The revisions, if applied, promise to leave a deep and lasting imprint on the structure of the American legal system.

Image vs. Reality

One obstacle in the task of rebuilding Justice Department prestige and efficiency is the fact that the agency is saddled with an image that does not reflect reality.

Although often described as the world's largest law office, Justice actually has far fewer lawyers than the Defense Department, and nonlawyers outnumber lawyers by a 14-to-1 ratio. While Attorney General Bell supervises 3,500 attorneys, including 25 who provide legal advice to the president, he also administers a budget of 2.52 billion dollars and has more than 51,000 other employees, many of them involved in unlawful activities.

Examples: A small army of border-patrol members, using aircraft and electronic sensors, fights a never-ending mini-war against aliens trying to enter the U.S. illegally. Some Justice employees "ride shotgun" on nuclear missiles as they are moved over Western highways. Others fly as observers on helicopters spraying Mexican fields to wipe out opium poppies. One FBI specialist knows more about the Las Vegas "betting line" for sports than most professional bookies. U.S. marshals provide hiding places and new identities for hoodlums who have testified against the Mafia.

In an attempt to carry out these varied duties, the Department often appears to be galloping off in different directions at the same time. For instance:

- While some Justice lawyers are still fighting old Indian wars in the courts, others are defending the rights of Indians against—among others—the Federal Government.
 - Some Department lawyers are busy filing suits to end discrimination by State and local agencies and Government contractors, while others are just as active defending discrimination suits against the Government.
 - The Department is providing defense in damage suits filed against some present and former federal officials.
- While some of those same officials are being investigated for possible crimes.

Attorney General Bell, as did his recent predecessors, took an early look at his Department and vowed to get it reorganized. But nobody so far has succeeded in bringing order out of the helter-skelter activities of Justice. After a year on the job, Bell frankly acknowledges: "I haven't gotten the Justice Department under control yet."

Inside the Hierarchy

Not every Attorney General has had to worry about managing a large Department. Bell is the nation's 72nd Attorney General, filling a post established by the law that created the federal courts in 1789.

But for more than 80 years—during which Americans completed the Louisiana Purchase, fought three wars, bought Alaska and settled the West—the country got along without any Justice Department at all. It was not until 1870 that the Department was established, giving the Attorney General authority over U.S. marshals and U.S. attorneys. Before that, the Attorney General headed a small law office

that was limited to providing advice to the President and Government agencies.

Bell, an Atlanta lawyer who spent 15 years as a federal appeals-court judge, had never run a big bureaucracy before. His admirers—and there are many of them among career officials—think he is doing well despite the problems he has inherited, the ones he has had thrust upon him and those he has created by his own decisions.

To some veteran Justice officials, Bell's greatest asset is his openness. In a recent meeting with the Department's lawyers, he fielded questions ranging from a request for more copying machines to a tough query on why the attorneys in charge of the FBI investigation had asked to be left off the case.

"I have never seen an Attorney General open himself up to this questioning like that," says one lawyer. Another notes: "Bell is an uncommonly open and candid guy."

But others within the Department are disappointed with their boss—even embittered.

One lawyer tells of meetings where Bell would "rant and rave" and complain: "He doesn't let the facts get in the way of the way he wants things to turn out—he just makes a gut reaction."

For his part, Bell asserts that he ran into a concerted effort by the Department's bureaucracy to control or

6 Key Men at Justice



Griffin B. Bell
Seventy-second Attorney General.



Benjamin R. Civiletti
Moving into No. 2 position.

thwart him, and that the tricks ranged from flooding him with reports to deliberate leaks to the press.

The President and Bell both came under severe criticism for their handling of the firing of Marston from his post as prosecutor in Philadelphia. The Attorney General said he had made up his mind to get rid of Marston early in the new Administration—against the advice of his closest advisers—but then waited nearly a year to take action. When the case blew up into a political storm and Bell himself came under investigation for possible obstruction of justice, he was so distressed that he said several times that perhaps he should resign or be fired. He denied any attempt to obstruct justice and was cleared of any wrongdoing by a departmental investigation.

To help him run the Department, Bell has assembled a small group of key advisers.

Closest to the chief is Associate Attorney General Michael J. Egan, another Atlanta lawyer who served as minority leader in the Georgia house of representatives. Egan is in charge of civil litigation and administration.

In the Marston case, he strongly opposed Bell's decision to fire the Philadelphia prosecutor. Egan, a Republican, has one particularly incongruous assignment. He is in charge of one of the biggest pools of patronage jobs available to the Democratic Administration: appointment of federal judges.

and U.S. attorneys. It is Egan who has done much of the delicate negotiating with members of the Senate over these appointments. "He is very quiet, but he is also extremely firm," says one lawyer in a position to observe Egan's actions. "There have been some really hard trades, but he has headed off some of the bad people who might have gotten into office."

Carter promised in his campaign to establish a merit system of appointment for judges and U.S. attorneys. Panels have been set up to recommend to the President nominees for appeals-court judges. Bell insisted publicly that the plan was to extend this system gradually to other jobs.

Not until recently was it disclosed that the Attorney General and Senator James O. Eastland (Dem.), of Mississippi, chairman of the Senate Judiciary Committee, reached a secret agreement in December of 1976. Eastland agreed to go along with the panels for appeals-court judges if the U.S. attorneys remained under senatorial patronage.

One floor below Bell's office, and connected to it by a small private elevator, is the office of the Deputy Attorney General, the second-ranking official in the Department. The holder of that post is in charge of criminal justice and law-enforcement activities. Peter F. Flaherty, former Democratic mayor of Pittsburgh, quit the job in mid-December and may run for Governor of Pennsylvania.

Flaherty is scheduled to be replaced by Benjamin R. Civiletti, a Baltimore lawyer who joined the Department as

trovsey over antitrust policy. Bell, who handled antitrust cases both as a lawyer and a judge, wants to get the Department into "more of these really big, monstrous, hard-to-litigate cases." Other officials think the Government already may have bitten off more than it can chew in its antitrust cases against such giants as IBM and AT&T.

Now the Attorney General is pushing the division hard to bring a test case against firms involved in a so-called shared monopoly. That is a situation where leaders in an industry do not actually conspire to set prices but in which their actions have that effect. Some experts feel such practices are not clearly covered by the law and that Bell may simply give the Department a massive new headache.

John H. Shenefield, an antitrust lawyer from Richmond, Va., has been named head of the division.

"In my judgment, we are at an important crossroads," Shenefield says. "We can get serious about the problem. Or we can continue to treat the 10-year, mile-high-record type of ease much like the weather or Government cafeteria food: with resignation and a sense of inevitability."

The Crime War

The Criminal Division, under Civiletti, has 704 employees and a budget of more than 21 million dollars. But most of the prosecution of criminal cases is done by the 94 U.S. attorneys and their assistants around the country.

Because of the nature of its work, the Criminal Division is



Michael J. Egan
Republican handles patronage.



Wade H. McCree, Jr.
Argues before the Supreme Court.



Daniel J. Meador
His assignment: reform the courts.



John H. Shenefield
Heads Government trustbusters.

Assistant Attorney General in charge of the Criminal Division. Bell has been relying more and more on Civiletti.

Bell's other key adviser is Daniel J. Meador, a professor from the University of Virginia who was brought in as an Assistant Attorney General and placed in charge of a new Office for Improvements in the Administration of Justice. The creation of that office reflects Bell's determination to stop what he describes as an accelerating deterioration of the nation's courts system.

Also under Bell are Solicitor General Wade H. McCree, Jr., who represents the U.S. before the Supreme Court, and 10 divisions and offices, each headed by an Assistant Attorney General. Eleven other offices and agencies—including the FBI, the Law Enforcement Assistance Administration, the Drug Enforcement Administration and the Bureau of Prisons—also report to the Attorney General. He is the boss, too, of 94 U.S. attorneys, some of whom run their own shops with little heed for word from Washington.

The Trustbusters

With 920 employees, the Antitrust Division is the biggest of the Justice Department's legal offices. It operates under a budget of nearly 30 million dollars and administers another 10 million in federal assistance for State antitrust agencies. The division is also the center of a growing con-

often in the news—most recently in the Marston case and in sending its lawyers to Korea to investigate influence buying on Capitol Hill.

The division has been assigned full responsibility for the investigation and prosecution of FBI officials who may have been involved in illegal wiretaps and mail openings.

A five-man team that had been handling the case asked to be relieved of the assignment, reportedly because Bell was more intent on protecting the FBI than in prosecuting wrongdoers. Their unprecedented withdrawal came close to precipitating a morale crisis at the Department. Bell quickly named a new 10-man team headed by one of the Department's crack prosecutors to take over the case. "I thought this was just terrible, but then he pulled that back out of the fire by bringing in the strongest man we've got," reports one career official.

Defending Uncle Sam

The Civil Division, with 557 employees and a budget of nearly 17 millions, is headed by Barbara Allen Babcock, one of two women serving as Assistant Attorneys General.

In 1976, a total of 19,192 civil cases handled by the division were settled. Of those, 10,364 were suits against the Government seeking damages totaling 7 billion dollars. Those who sued got 80 million, or just over 1 per cent of

that they asked. In the other 8,828 cases, in which the Government sued for 321 million, judgments and settlements amounted to 157 million dollars, or 49 per cent.

Among suits now pending are about 1,000 asking some 75 billion dollars in damages allegedly resulting from the Government's 1976 swine-flu-inoculation program.

A frequent criticism: The division is accused of digging in its heels and fighting cases endlessly through the courts, even when the interests of both sides would be served by a quick compromise.

Activists Move In

Assistant Attorney General Babcock, who was a public-service lawyer in Washington before becoming head of the Civil Division, is one of four public-interest or civil-rights activists brought into top policy-making posts at the Department by the Carter Administration.

Another is Patricia M. Wald, who was a public-interest lawyer and who now heads the Office of Legislative Affairs, which helps develop new legislation and represents the Department in dealings with Congress.

The Civil Rights Division is headed for the first time by a black, Drew S. Days III. Before coming to the Justice Department, he was a chief attorney for the Legal Defense and Educational Fund of the National Association for the Advancement of Colored People.

The fourth public-interest activist in a top Department position is James W. Moorman, who was staff attorney and executive director of the Sierra Club's Legal Defense Fund from 1971 to 1977 and who is now head of the Land and Natural Resources Division.

Despite this influx of activists and members of minority groups into top policy-making positions, there has been no abrupt and noticeable movement of the Department toward the kinds of policies these officials advocated before they were appointed. To the surprise of many, the former activists apparently are opting to exert a subtle, long-term influence on the Department.

One veteran Justice official used Wald as an example of this group's impact, saying: "There was concern here when people like Pat Wald came in. But she is doing a beautiful job. She's very fast, she moves. And she can talk to the American Civil Liberties Union or the National Association for the Advancement of Colored People and they'll listen. She has credibility on both sides of the street. We never had that before."

Bell himself has won praise from civil-rights leaders. "He has done a commendable job," says a high official of the NAACP, which opposed Bell's appointment.

The Changes Ahead

Many of the major changes shaping up at Justice will come in the big bureaus and agencies outside the Department's legal divisions.

Webster, expected to take over leadership of the FBI in a few weeks, will head an agency with a budget of more than half a billion dollars. Since the death of J. Edgar Hoover, it has been in almost constant turmoil. In that time, the old image of a totally incorrupt agency made up of sharpshooters who al-

ways got their man has given way to a new and less perfect reputation. The Bureau, it turned out, was human, after all. Agents made mistakes, even broke the law. Hoover used Bureau people like servants, to paint his house and sod his lawn. The transformation is not over yet. Further moves expected:

- The Bureau is now operating under new guidelines laid down by former Attorney General Edward H. Levi. An effort will be made this year to write some of those guidelines into law, a process sure to be slow and controversial. For the first time, the Bureau is operating under restraints imposed from the outside that spell out what an agent may and may not do in the course of an investigation.

- In recent months, the FBI has joined forces with the Drug Enforcement Administration to break up major drug-trafficking conspiracies. More Bureau manpower almost certainly will go into this area.

- The Bureau may be asked to take over from the Internal Revenue Service the use of tax laws to attack organized crime. This effort could involve as many as 1,000 agents, working closely with Justice's Tax Division.

Major changes also are on the horizon for the Immigration and Naturalization Service. Under its new Commissioner, Leonel Castillo, the agency has moved to clear up a backlog of cases that had forced many aliens to wait months for decisions. At the same time, enforcement along the borders has been tightened. But still, the number of those entering this country illegally continues to increase.

Perhaps the biggest changes coming involve the Law Enforcement Assistance Administration. Created late in the Johnson Administration in an effort to halt the nation's rapidly rising crime rate, the agency has been in ferment from its inception. The office has passed out more than 55 billion dollars to State and local law-enforcement agencies, accounting for a large part of the increase in the Department's budget in the last decade. How much good that money has done is not clear—partially at least because the agency has not kept close track of where the money goes and what it is used for.

Bell, however, shut down the agency's regional offices. Some critics, dismayed, say he did so under the mistaken assumption that he was closing State planning agencies he had earlier criticized. Bell now has proposed a plan that would replace the agency with a new national institute of justice. His move is sure to set off new debate in Congress.

Beyond the changes within the Justice Department, the Administration also is working on a major overhaul of the Government's entire law-enforcement apparatus.

The result may mean new responsibilities for some Justice agencies and new bosses for others. The FBI, for example, could take over much of the work of the Treasury Department's Bureau of Alcohol, Tobacco and Firearms.

It all adds up to a portrait of change, if not turmoil, in the Department of Justice after one year under a new President and his Attorney General. □

This Special Report was reported and written by Associate Editor Orr Kelly.



"You got any way of lowering the thermostat, Griffin?"

Africa: a "Vietnam" For Russia and Cuba?

It's a risky gamble for Moscow and Havana. The Marxist regimes they support are built on sand, with success far from assured.

NAIROBI, Kenya

The Soviet Union and its cat's-paw, Cuba, are clamping a Communist hold on strategic areas of Africa. In doing so, they are openly defying warnings from the Carter White House.

On the Horn of Africa, at least 1,000 Soviet and more than 2,000 Cuban military advisers are helping Marxist Ethiopia gird for a major offensive against invading Somali forces.

In Angola, about 19,000 Soviet-backed Cuban troops, plus 4,000 Cuban civilian technicians, are shoring up the beleaguered Marxist Government in Luanda in a battle for survival against pro-Western guerrilla fighters.

Success in these overseas military adventures is not assured for Communist leaders in either Moscow or Havana.

Some Western experts argue, in fact, that Ethiopia could become "Russia's Vietnam" in terms of wasted aid and frustration with an unstable client. At the same time, Cuba may be bogged down in a war that can't be won in Angola, just as the United States was mired in Indo-China.

Nevertheless, the U.S. and its allies in Western Europe and the Mideast are

Communist Inroads



"that the Soviet Union and Cuba will commit their own soldiers in this conflict, transforming it from a local war to a confrontation with broader strategic implications."

In response, Moscow accuses Carter of a "deliberate distortion" and claims the U.S. is ignoring Somalia's "aggressive" attempts to seize the Ogaaden region in Southeast Ethiopia.

For his part, Cuba's Fidel Castro insists that it is his duty to help revolutionary regimes in Ethiopia and Angola. "It has nothing to do with Carter," the Cuban leader says.

In addition to military manpower, Moscow has shipped an estimated 1 billion dollars' worth of weapons to Ethiopia, including tanks, rockets, artillery and MIG warplanes.

The shaky Government of Lt. Col. Mengistu Haile Mariam needs all the help it can get. Mengistu not only is hard-pressed by rivals in Addis Ababa, but is waging a two-front war against rebels in the northern Province of Eritrea and against Somalia in Ogaaden.

Moscow's arms aid to Ethiopia enraged Somalia, which for years was the major Soviet client in Africa. In retaliation, Somali President Mohamed Siad Barre, once one of the Kremlin's most loyal followers, tore up his friendship treaty with Russia in November, expelled about 4,500 Soviet advisers and kicked the Soviets out of their bases in Somalia, including an important installation at Berbera on the Gulf of Aden. At the same time, he broke diplomatic relations with Cuba.

Appeal to U.S. Moscow replied by stepping up arms shipments to Mengistu and by building in Ethiopia what is said to be the most massive Soviet base in Africa. By late January, dozens of Soviet and Eastern European ships were unloading weapons and ammunition, and more than 200 Soviet trans-

concerned over the Communist challenge in a volatile region of the world.

In a message to Congress that accompanied his state-of-the-union address in late January, President Carter charged that "disagreements" between Ethiopia and Somalia "have grown—with the assistance of outside powers—into a bloody conflict."

"There is a danger," Carter warned,



Ethiopian soldiers parade with Soviet arms before setting out for battle. Russian tanks, planes, guns and military advisers help fuel a two-front war.



Cuban troops play crucial battlefield role in Marxist Angola's fight against pro-Western guerrillas.

ports were flying in military supplies by way of Aden and Mozambique.

Cut off from Soviet aid, Mogadishu has been getting help from anti-Communist Saudi Arabia and Iran, which are bankrolling some of Somalia's arms purchases. But President Siad says he needs more and has appealed to the U.S. to offset Moscow's aid to Ethiopia.

Carter refuses. "We have made it clear to both sides," the President says, "that we will supply no arms for aggressive purposes. We will not recognize forcible changes in boundaries. We want to see the fighting end and the parties move from the battlefield to the negotiating table."

Russia's Game In Ethiopia

MOSCOW

What is behind massive intervention by the Soviet Union in the war between Ethiopia and Somalia?

It is Russia's realization that loss of Ethiopia, following closely the Soviet expulsion from Somalia, could destroy Moscow's remaining influence throughout the Mideast.

As the Russians see it, there is little danger that their aggressive policy on the Horn of Africa will seriously alienate Washington. But even if it does, the feeling here is that the repercussions would not be great. This partly reflects a growing Soviet feeling that President Carter's actions rarely are as tough as his words.

Also, Moscow believes that the U.S. Congress is not likely to become especially disturbed over a desert war between two leftist African states,

Rebuffed by Washington, Somalia now says it is ready for a cease-fire and for peace talks. But Ethiopia refuses to negotiate as long as Somali forces occupy large portions of the Ogaden region.

Mengistu also has rejected a joint proposal by the United States, Britain, France, West Germany and Italy that negotiations be held under auspices of the Organization of African Unity.

While the Russians are making an all-out bid for supremacy on the Horn of Africa, the Cubans are following Moscow's lead across the continent in Angola by propping up

the Government of Agostinho Neto. Massive Cuban intervention against opposition factions supported by the U.S. and South Africa brought Neto to power in late 1975 during the civil war that followed Angola's independence from Portugal. But Neto has been unable to bring order out of chaos.

Anti-Government forces led by Jonas Savimbi are mounting an increasingly successful guerrilla war. Despite Cuban reinforcements of between 4,000 and 6,000 men in recent months, Savimbi's insurgents operate freely through much of rural Angola.

To make matters worse for Havana, Cubans not only must combat the

growing guerrilla threat, but also are expected to prevent the shattered nation from falling apart economically.

After prolonged civil war, Angola is in critical shape. Diamond production is down by 80 per cent, the coffee crop by 50 per cent, and iron-ore production is at a standstill. The country must import more than half its food.

The flight of Portuguese settlers after independence left the country with very few doctors, administrators, technicians or other professionals. Cuba is attempting to fill the breach with civilian advisers, but some Cubans are even forced to drive trucks and help harvest Angola's sugar crop.

Bloody stalemate. African authorities believe the Neto Government almost certainly would fall if Russia and Cuba became weary of their expensive effort to salvage a Marxist Angola and ordered Cuban troops home. Yet if Castro stays and tries to win the guerrilla war, experts predict a long and bloody stalemate.

As of now, however, the Cuban leader appears stubbornly determined to see his Angola venture through to the bitter end, even though it is preventing Castro's long-sought reconciliation with the United States.

For the moment at least, the U.S. seems powerless to counter Communist advances in either Ethiopia or Angola. Washington's greatest hope: that Moscow and Havana will become so disenchanted with backing unpredictable allies that they will voluntarily decide to cut their losses and pull out. □

particularly one in which the Kremlin can claim to be defending Ethiopia's territorial integrity against Somali invaders.

For Moscow, the price of failure would be enormous. But, equally important, possible gains also are great. They include:

- Control of the Red Sea and access to the Suez Canal. This would enable Moscow to threaten Western oil routes from the Mideast.

- The chance to pressure Saudi Arabia. By setting up pro-Soviet regimes in Ethiopia, South Yemen and Iraq, the Russians could squeeze Saudi Arabia, America's largest oil supplier and a major anti-Communist force in the Arab world.

- Establishment of a true Marxist state in Africa. Ethiopia is one of the largest and potentially wealthiest nations on the continent.

In addition, Western analysts say the Kremlin is anxious to teach Somalia a lesson. Its goal is to demon-

strate to black African nations that they cannot tear up friendship treaties with Moscow without suffering Soviet-style retribution.

Still, Western experts do not view the Kremlin's commitment to the Mengistu Government as completely open-ended and all-encompassing.

They do not expect, for instance, that Moscow would condone an Ethiopian invasion of Somalia or an attempt to seize the former Russian naval base at Berbera. Either would smack too much of aggression to be acceptable in the "third world."

Some analysts also doubt that Russia will become mired in a Vietnam-type conflict in Ethiopia. They say the role of the Soviets in Ethiopia at present is one of training, handling arms shipments and directing strategy in the two-front war.

Nevertheless, the Soviet Union is fully committed to support the Mengistu regime. It will pull back only if the Government is overthrown.

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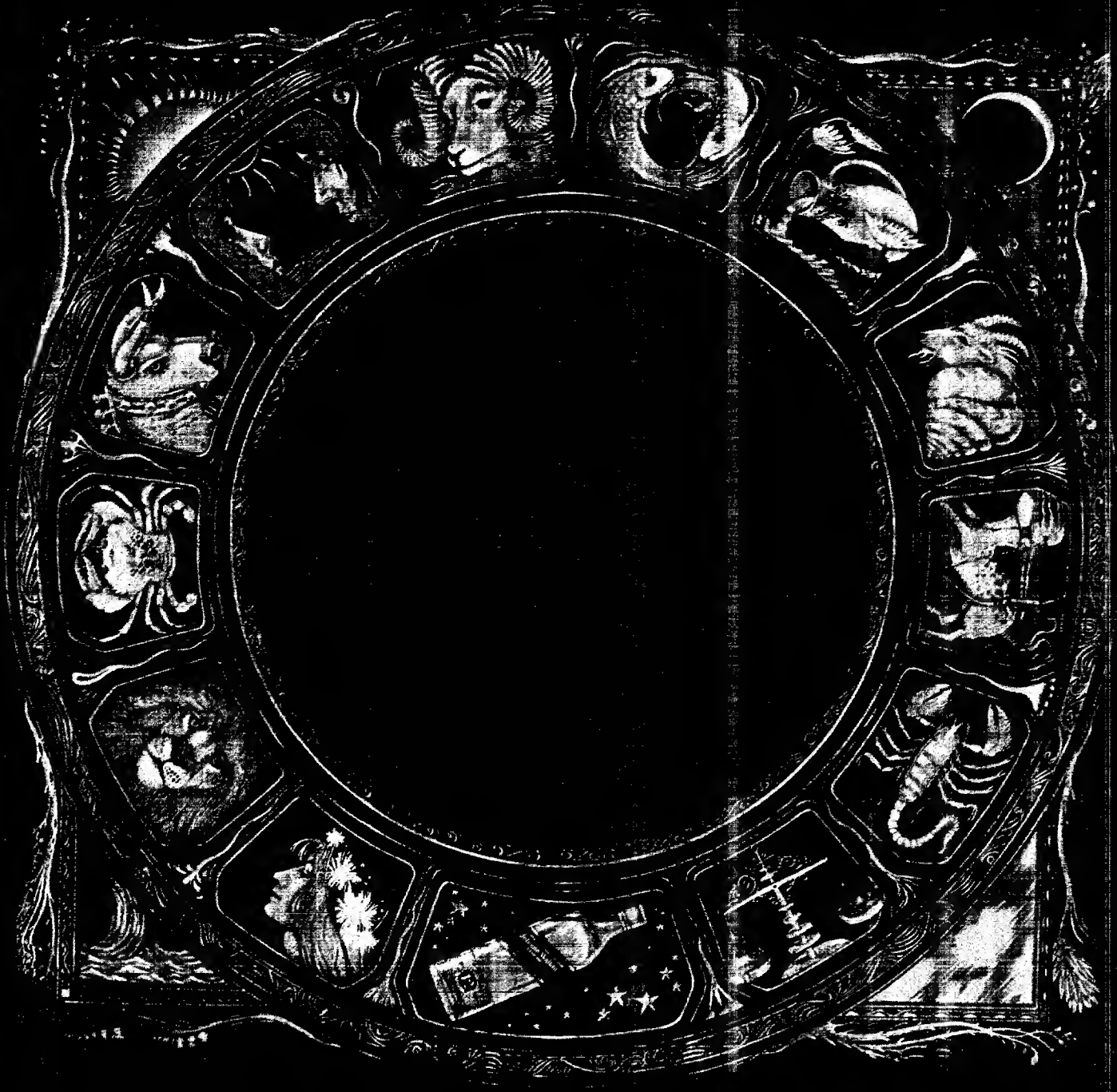
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FROM THE CAPITALS OF THE WORLD

WASHINGTON • MOSCOW • SALISBURY • RIO DE JANEIRO

To judge from harsh words coming out of Washington and Moscow, U.S.-Soviet relations seem to be sliding downhill fast. Most recent strains . . .

Mideast: Carter is rankled over Kremlin's behind-the-scenes attempt to wreck Egyptian-Israeli peace talks, worries over Soviet arms build-up in Syria.

Horn of Africa: Moscow brushes off Carter's warning to halt its military involvement in Ethiopia, accuses U.S. of backing Somali invaders there.

Western Europe: White House cautions against Euro-Communists' drive for a share of power in Italy and France. President makes clear he wants Communist influence in Western Europe reduced, certainly not increased.

Belgrade: Russians seek to skirt the human-rights issue at the European security conference; U.S., Western allies work to advertise Soviet violations.

But does this mean détente is doomed? From our man in Moscow: No.

"Both U.S. and Russia seem to take increased friction in stride.

"Officials in both capitals look beyond public wrangling to quiet progress in other areas--talks to neutralize the Indian Ocean, control chemical warfare, broaden the nuclear-test-ban treaty. Most importantly--

"Chances for a new strategic-arms-limitation pact are very much alive.

"Carter's hopes for a speedy SALT agreement have waned. But Western analysts here are convinced an agreement could be hammered out by summer.

"SALT is the yardstick of détente--acid test of each side's intentions.

"For both Moscow and Washington, progress on curbing the nuclear-arms race outweighs deteriorating ties in other areas--at least for now."

Ironically, loudest cheers for Carter's warning against Euro-Communist inroads in Western Europe come from the Kremlin--secretly.

Our bureau in the Soviet capital explains the Russians' delight:

For one thing, Moscow is enjoying a propaganda field day--playing on French and Italian resentment of American "interference" in domestic affairs.

Secondly, Carter's comments strengthen Russia's long-held view that the U.S. never will permit Communist parties to gain power through the ballot box.

Moscow has been telling that to Italian, French and other European Communist parties for a long time. Now it feels vindicated.

Advice flowing from Moscow to Euro-Communists is clearer than ever before:
Forget co-operation with such bourgeois partners as Italy's Christian

(over)

Democrats, France's Socialists. The Communists never will come out on top.

Resume roles as the opposition, guided by rigid Marxist-Leninist doctrine.
Push for power only when certain of attaining a decisive victory.

Current burst of optimism that the end of black-white conflict in Rhodesia is close at hand seems premature. Here's the reason:

It's true there has been dramatic progress in talks between Prime Minister Smith and black moderates in Rhodesia on a shift to black-majority rule.

Main stumbling blocks to a peaceful transfer of power--safeguarding rights of minority whites in a new multiracial state of Zimbabwe, makeup of security forces after the Smith regime steps down--seem all but resolved. But . . .

Leaders of the Patriotic Front that is waging a guerrilla war against the Smith Government want no part of any deal that puts them out.

Its top men--Joshua Nkomo, Robert Mugabe--denounce moderates talking with Smith as "puppets" of the whites. Front's strategy to gain power: more war.

Britain and the U.S., for their part, have not given up on their plan for a peaceful black take-over. They insist only Anglo-American proposals hold out hope for bridging the differences among Smith, black moderates and radicals.

Chances of success? Not good. Smith and moderates prefer to cement their own accord, shutting out both guerrillas and foreign powers. Patriotic Front declares it will halt its jungle war only if handed power outright.

Outlook: grim. There's increasing talk of an Angola-style civil war in Rhodesia--with Smith-backed black moderates battling a Communist-armed Patriotic Front, as bulk of the nation's 284,500 white settlers flee abroad.

Discount rumblings of a serious breach in Brazil's ruling military junta. Word from our man who covers Latin America is that President Ernesto Geisel still calls the tune--whether all of his fellow generals like it or not. Unhappiness in the top ranks is not exactly new to Geisel.

Since taking office four years ago, he frequently has come under fire from nationalists for being "too liberal." For instance, he banned the torture of prisoners, relaxed press censorship, allowed foreigners to drill for oil.

But dissenters either went along or got the sack.

The hard-liners started sniping again in early January after Geisel named Gen. Joao Baptista Figueiredo to succeed him in 1979. Figueiredo, too, was labeled a liberal. He also is only a three-star general while his presidential predecessors since the 1964 coup all wore four stars. Still--

Figueiredo has plenty going for him. He has an outstanding record, has amassed power as head of the National Information Service--Brazil's FRI, CIA and Army intelligence rolled into one. Then add Geisel's support.

Our report concludes: "There's grumbling, yes, but military critics likely will stay in line again rather than display disunity among the armed forces."

"Mecca on Thames"— The Arabs' Quiet Invasion of England

Some from the Middle East are rich, others are not. But all have a common desire—to raise their families in London's cosmopolitan setting.

LONDON

Arab immigrants are inundating Britain these days, so many of them that Londoners jokingly call their city "Mecca on the Thames."

Tourists and businessmen from the Middle East, and the familiar sheik-on-the-town, continue to pour into the country. But for the first time, vast numbers of Arabs and their families are moving here to stay.

Unofficial estimates place the Arabs living in London at 50,000. Another 20,000 are expected to take up residence in 1978 alone.

About a third of them are university students who probably will go home in a few years. The rest are busy sinking their roots into the city—buying homes, opening new businesses, giving their children an English education.

Two cultures. Evidence of the new Arab presence is everywhere, but particularly in the cosmopolitan Bayswater district, north of Hyde Park, and Earl's Court to the south.

Bilingual signs in Arabic and English give directions and lure shoppers. Arab stores and restaurants sprout alongside older Italian, French, German and other ethnic establishments. Newsstands stock as many Arabic-language publications as they do English ones. The first Arabic daily to be printed in London, *Al-Arab*, made its appearance last June.

Arab banks—28 in all London—seem to pop up in every block, catering not only to Arab residents, but to the swelling tide of Middle Eastern visitors—230,000 of them in 1977.

Despite the physical evidence of growing Arab immigration, the newcomers themselves are not all that easy to spot. Unlike the Arab tourists in their flowing robes who frequent the expensive shopping centers in Oxford Street and Knightsbridge, the permanent residents prefer to wear Western clothes. They shun ostentation and seek to blend into their communities.

Why have so many Arabs decided to settle here at a time soaring oil prices have brought astonishing affluence to their own countries?

Some claim to be political "refugees," out of step with their governments at home. But most say they are here for economic reasons. The destruction of Beirut as an international trade and banking center during Lebanon's civil war made many people wary of the Middle East's over-all business climate. They invested their money in familiar, long-established markets in London—and they decided to settle down here as well.

The surge of Arab immigration has produced its most noticeable effects in the real-estate market. Public interest has focused almost exclusively on the very rich—such as Saudi Arabia's King Khalid, who paid the equivalent of nearly 4 million dollars for an estate in Hampstead. But London real-estate men report that Arabs also are buying apartments in new, modern buildings, paying the pound equivalent of \$90,000 to \$110,000.

Some agents estimate that Arabs

Affluent Arabs stroll London street.



Arab tourists frequent most-expensive luxury shops.

own at least 70,000 residential properties in London. Some are real-estate investments, but many provide the Arabs a place to live.

For many, buying a home is an act of self-defense, the only way to deal with discriminatory rent gouging.

Says one Middle East businessman: "Flats that are offered to others for \$300 a week suddenly shoot up to \$800 a week when it's discovered an Arab is the potential renter. People seem to think we will pay any price."

This Arab presence has created a need for mosques and schools. A gold-domed mosque on the edge of Regent's Park, overlooking the home of the U.S. Ambassador, was recently completed after four years' work. Its cost: nearly 8 million dollars, half from Saudi Arabia and the remainder from other oil-rich nations.

Another mosque is planned for the Kensington-Chelsea area, a part of the city favored by more-affluent Arabs. The mosques will serve not only people from the Middle East, but hundreds of thousands of other Moslems in the city, the bulk of them Pakistanis.

Islamic schooling. Arab diplomats also are investigating the possibility of starting their own school in London. Currently, Islamic education is offered only on week-ends, as a supplement to regular state-school instruction.

Wealthier Arabs prefer to enroll their children in the highly regarded British public schools, which are really private institutions. More than 1,200 Arab children already are enrolled in these schools, outnumbering those of any single foreign nation.

Officials in London are convinced that the flood of Arabs in Britain—both tourists and permanent residents—is certain to grow in the years ahead even if there is peace in the Mideast.

Says one Libyan businessman, smiling: "There are 21 states in the Arab League. We are now in the process of creating a 22nd one—right here." □

How U.S. Hopes to Save Mideast Peace

Washington's advice to both sides: Play it cool. Behind the scenes, the Carter pitch is for return to quiet diplomacy.

JERUSALEM

The U.S. effort to rescue peace talks between Egypt and Israel is proving to be anything but easy in light of Middle East realities.

Washington's goal has been to persuade Egypt's Anwar Sadat and Israel's Menachem Begin to resume negotiations. But after weeks of dramatic highs and lows, the United States found itself nearly back where it started.

One big plus: Public recrimination and invective coming out of both Cairo and Jerusalem eased in recent days, giving American middlemen their first chance to bring quiet, behind-the-scenes diplomacy into play since the peace talks collapsed in mid-January.

Although Egypt and Israel appear committed to irreconcilable positions, American diplomats insist that they see room for compromise. Neither side, they believe, really wants to abandon the peace process.

A starter. Their first objective—and by far the easiest—was to revive Egyptian-Israeli military talks in Cairo on the future of the occupied Sinai Peninsula. These meetings were recessed when the two countries broke off political negotiations in Jerusalem.

But the task became tougher as U.S. mediators—led by Alfred Atherton, Assistant Secretary of State for the Middle East—sought common ground for a “declaration of principles” on broader aspects of a Mideast peace.

Atherton's problem was to come up with a compromise vague enough to satisfy both sides and to convince Begin and Sadat that they could reopen political negotiations without sacrificing their principles.

At the center of the deadlock are two key issues—Israeli withdrawal from all Arab lands captured in the 1967 war and the right of self-determination for Palestinians living in the occupied West Bank of the Jordan River and the Gaza Strip.

Sadat's insistence on these two points as a minimum price for peace reflects local pressure on Egypt to hold the

line against Israel. The Egyptian President desperately wants to involve other Arab states in the peace initiative he launched with a trip to Jerusalem in November. Yet it is clear that none will join unless Sadat can produce evidence of Israeli concessions.

Begin's total rejection of Egyptian demands also reflects pressures being exerted on him by public opinion at home. According to a survey published in mid-January, 71 per cent of all Israelis oppose total withdrawal from Arab lands, and 91 per cent reject creation of an independent Palestinian state in the West Bank and Gaza.

Complicating U.S. efforts are totally divergent views in Cairo and Jerusalem over what a peace settlement should and should not accomplish. The Israelis worry over the security of their tiny nation and the threat that an independent Palestinian state would impose. The Egyptians fear that the Israelis are out to legitimize indefinitely their control over Arab territory.

Another quandary for the Americans: how to counter major pressures against revival of the peace talks that are building up in the Arab world. Such hard-line countries as Syria, Algeria, Libya, Iraq and South Yemen that denounced Sadat two months ago are planning fresh assaults now that his search for peace is in trouble.

This “rejection front,” including the Palestine Liberation Organization, has left little doubt that its aim is Sadat's resignation or overthrow. Says Syrian Foreign Minister Abdul Halim Khudam: “Resignation is the penalty Sadat should pay for the crime he committed against the Arab nation.”

Political analysts in the Mideast agree that criticism of Sadat would

case considerably if King Hussein of Jordan could be drawn into the peace contacts with Israel. That not only would break Egypt's isolation in the Arab world, but would add weight to Sadat's demands that Israel give up the West Bank, once controlled by Jordan.

Israel also would welcome Hussein because Egypt alone cannot guarantee security safeguards on the West Bank.

But Hussein, pessimistic and wary, is reluctant to become involved without a certainty of success.

In an interview in late January, the Jordanian monarch blamed Israel for the break in the peace effort and warned that in the long run the Arabs would have no option but war. “It is sad,” he said. “I don't know what the future will hold for us except disaster.”

U.S. hopes for eventual expansion of the negotiations to include Jordan and perhaps other Arab states hinge on the success of American mediation.

Atherton, chief U.S. trouble shooter on the scene, was optimistic—but cautious—over prospects of reducing differences separating Egypt and Israel.

Big chance. But whether the two nations could be persuaded to break their deadlock and get down to meaningful negotiations remained uncertain. What was certain was that the U.S. was not about to give up on its most promising opportunity to settle the Arab-Israeli conflict. Said one American diplomat: “It took 30 years to get this close to peace in the Middle East. We're not going to blow the chance now.” □

This dispatch was written by David B. Richardson of the magazine's International Staff who also conducted the interview on the following pages.

Tree planting on West Bank points up Israelis' will to hang on to their settlements.





Why There Will Be No War

INTERVIEW WITH ISRAEL'S PRIME MINISTER BEGIN

Even though talks are bogged down, the Israeli leader is confident that peace is on the way. But he cautions the United States and Egypt to be patient—not to expect a quick and easy settlement.

At JERUSALEM

Q Mr. Prime Minister, many Americans are concerned that the danger of war in the Middle East has increased because of the failure of Israel and Egypt to keep the peace initiative going. Do you share that concern?

A Not at all. The danger of war in the Middle East has decreased to a great extent. I have the pledge given to me by President Sadat: No more war, no more bloodshed. That pledge was an absolute one to which I responded in kind. It did not depend upon the continuation or disruption of the talks we started in November. And I think it is a serious pledge. Sadat has never given me reason to believe otherwise.

For my part, I will never go back on that antiwar pledge, because we Israelis have never wanted war, we have never attacked anybody, and we have never prepared any attack against anybody. And, therefore, based on a mutual pledge of no more wars, the danger has lessened.

Q Will there be a comprehensive Middle East peace agreement in 1978?

A I hope so. We want such a settlement with all of our Arab neighbors, but there are difficulties. Either they expect an instant solution, or they won't come near us.

Take, for example, President Assad of Syria and King Hussein of Jordan. We invited both of them to join the peace talks without success. Instead we hear the Syrian Foreign Minister say his Government will never meet with Sadat—that he must resign.

Egypt, for its part, has shown incomprehensible impatience. Can anybody expect to find in seven or eight weeks the solution to a conflict which has lasted nearly 30 years—60 years if you count the Balfour Declaration establishing a Jewish homeland?

I told our people: The negotiations will probably take several months. We need all of that. After only a matter of weeks, the talks are making real progress on the declaration of principles to govern all of the detailed negotiations. As Secretary of State Vance said, out of seven paragraphs in that declaration, we had agreed on five. True, the last two are perhaps more difficult. But then Egypt walked out two days after the political talks began. I say to Egypt—and to others abroad who expect quick results: Don't be too impatient. Peace will come, with co-operation and time.

Q If you fail to get a comprehensive peace settlement, would you settle for a more limited agreement with Egypt?

A We have never suggested a separate peace treaty for Egypt. This point is important, because one of the Cairo newspapers claimed that we urged President Sadat to stay another day on his visit to Jerusalem so that we could conclude such a deal. It never happened. It has never crossed our minds. We want a comprehensive settlement.

Q How important is the American role in negotiations? Why must President Carter be so directly involved?

A I see nothing wrong in that. Let me say, in fact, that the role played by President Carter even before Sadat came to Jerusalem was crucial in making possible that meeting between us. I can also testify to the importance of the telephone call from Carter to Sadat within hours of the breakdown of the Jerusalem meeting. That call helped to prevent even further disruption of the general peacemaking process.

The Secretary of State has been a vital help from the start. And now Assistant Secretary of State Atherton is carrying on where the Jerusalem meetings left off, in an effort to negotiate separately between Israel and Egypt the final two points of a declaration of principles. This may involve shuttle diplomacy, but it will be different from the Kissinger brand.

Q Do you worry that the U.S. may exert pressure on you?

A How can there be pressure when President Carter called our peace plan fair and a good basis for negotiation and a long accord? That is absolutely inconceivable.

Q Would you favor changes in present negotiations—say, secret deliberations or one big Geneva-style conference?

A I am quite happy with the present methods. They are the best. These have been important in bringing all of us together—all of President Sadat's top officials and military men with all of ours—for the first time in almost 30 years.

But I do not exclude other methods or sites, and these may be necessary. For instance, I suspect that the recall of the Egyptian delegation to the Jerusalem talks arose out of regret in Cairo that there was a political committee meeting in Jerusalem at all. I suppose we could have had both the political and military meetings in Cairo, but I said to Sadat, "Justice, Mr. President: Let us have one in Cairo and one in Jerusalem." He understood. But, of course, diplomacy is better carried out away from the television cameras. People should be able to sit calmly together and negotiate.

Q Will Sadat ever be able to convince you to withdraw Israeli forces from the West Bank and Gaza Strip and to allow Arab inhabitants to decide their own future?

A Why should you say that President Sadat might convince me? Perhaps I will convince President Sadat. This is something that only negotiations can decide.

From Sadat's standpoint, however, these problems are a matter of policy—important policy. I admit. But to us, it's a matter of life and death.

Just think what could happen with an independent Palestinian state on our borders in the hands of radicals belonging to the so-called Palestine Liberation Organization. Our enemy would command the mountains west of the Jordan River looking down on us and be supplied with Soviet artillery. The flight from Odessa [U.S.S.R.] is two hours. All of our cities along the Mediterranean would be within the range of conventional artillery—every man, woman and child. The distance between the hills and the sea is 9 miles at its closest point.

As for the Gaza Strip, a look at the map will show that it is a pistol aimed at our country. Until Israel reoccupied the territory in 1967, it was the scene of continual bloodshed. Terrorist bands with Egyptian arms carried out their violence right up to our port of Ashdod. If unfriendly forces are allowed to base there again, we would only have greater bloodshed. That would mean Israeli retaliation—and once again endanger peace.

Q Why are you so concerned about the demilitarization of the Sinai Peninsula in military talks with Egypt?

A Because so many have begun in this strategic territory. In fact, Sadat's Defense Minister has contradicted a pledge to demilitarize the bulk of the Sinai that was given to me by the Egyptian President in our Jerusalem talks last November. In Jerusalem I said to Sadat: "Mr. President, we cannot have the Sinai desert again filled with soldiers." He replied: "I will give you a demilitarized zone of between 15 and 20 kilometers." But I indicated my objection: "Mr. President," I said, "what kind of security is 15 to 20 kilometers these days?" The smallest Soviet missile possessed by Egyptian forces has a range of 216 kilometers. Sadat then said: "All right, my Army will not go beyond the Gidi Pass. Do you know the passes?" I answered that I knew them very well.

Checking my map when I got home that night, I calculated that we would have a demilitarized zone between Egypt and Israel of 140 to 180 kilometers wide. Yet the line which

Egypt's Defense Minister presented to ours when the military talks opened in Cairo a few weeks ago was a different one. The new line would permit the bulk of the Sinai to remain militarized, contrary to the Jerusalem pledge by Sadat that it be demilitarized.

I feel very strongly about this because the Sinai Peninsula has served as a springboard for five invasions of Israel since 1948. When the military talks reopen, I will call upon President Sadat for the absolute fulfillment of his pledge. Credibility, after all, is the key to our new relationship.

Q Your peace plan for the West Bank and the Gaza Strip calls for limited self-rule with a review after five years. Would people there then get more say in their own affairs?

A Why say limited self-rule? It is full self-rule that we propose. The people in these regions have never known more self-rule and autonomy than what we're offering in all their centuries under Turkish rule, British rule, Egyptian rule and Jordanian rule. They will be able to freely elect an administrative council, with all departments of regional government under their control except defense and public order.

Any other form of autonomy would mean a Palestinian state. And we believe that if Israel did relinquish these territories, the PLO would take them over in 24 hours. Therefore, we are suggesting autonomy to the Palestine Arabs and security to the Palestine Jews. This is the most decent proposal ever made.

Q Is there a chance the Palestine Liberation Organization would ease its anti-Israel policy after a peace agreement?

A Many people have speculated on that possibility, but we see no change. Yassir Arafat, its leader, continues to make violent speeches against us and President Sadat. Another PLO official recently declared that the "problem of Sadat" will be solved by a bullet. That is no idle threat, considering the number of other Arab moderates who have met assassination.

In any event, I cannot afford the luxury of speculation when our very existence is at stake. If we allow ourselves to be misled about the PLO, we face the gravest danger since the holocaust. They are the most bloodthirsty enemy the Jewish people have had since the days of the Nazis.

Q Why can't your security be safeguarded in the West Bank and Gaza by a demilitarized zone, arms inspection and the presence of neutral military forces?

A Demilitarization in the desert is difficult enough, but possible. Demilitarization in populated areas is a hoax. Any garage can house a gun. We know that the PLO has plenty of small arms in these regions under the present military occupation. If an Arab army were there, the security threat would escalate. Across the Jordan is the Arab legion of King

Hussein, with Iraq's forces to the east and Syria's to the north. Syria, Jordan and Iraq together have 4,000 tanks—double the number Egypt has.

Syria is an implacable enemy. As for King Hussein, he has joined all the wars against us. We cannot expose our people to the mortal danger that all this might involve.

Q Do you believe the day will come in our lifetimes when Arabs and Israelis will live in harmony?

A I believe that with all my heart. All we need to do is listen to one another, show patience for each other, and to negotiate our differences.

The result must be peace. □



Israel's Menachem Begin and Egypt's Anwar Sadat.

Heart of Panama Debate



On the eve of a momentous Senate battle over the Panama Canal treaties, two leading conservatives spotlighted the issues in a TV debate. Here, from the "Firing Line" program on the Public Broadcasting Service, are the major arguments of the former Governor of California and a prominent editor and television commentator.



By Ronald Reagan

In the rhetoric surrounding the discussion of the proposed canal treaties, there's been a tendency to make the issue one of either these treaties or the *status quo*.

Perhaps we can make it plain that rejection of these treaties does not mean an end to further negotiations, nor an effort to better our plans for the people of Panama. We're debating these specific treaties—whether they are in our best interest and the best interest of the people of Panama.

In my opinion, they are not. They are ambiguous in their wording; they are fatally flawed. . . .

Under the present treaty—the Hay-Bunau-Varilla Treaty of 1903—the United States has "all the rights, power and authority which the United States would possess and exercise if it were sovereign in the territory, to the exclusion of the exercise by the Republic of Panama of any such sovereign rights, power or authority."

Ratification of the new treaty would immediately cancel that treaty of 1903. The Canal Zone would cease to exist. We would simply be a foreign power with property in Panama.

There would be nothing to prevent the Government of Panama from expropriating our property and nationalizing the canal—as they have already nationalized the transit company and the power system. International law permits expropriation by governments of foreign-owned property within their borders. . . .

The second treaty, which comes into effect in the year 2000, when Panama has become the sole owner and operator of the canal, promises complete neutrality for all users. This treaty is so ambiguous in its wording as to be virtually meaningless. . . .

What is there for us to cheer about in being granted, in word only, neutrality of the canal we built and which presently we have in reality? . . .

Our treaty advocates tell us that we can claim that right, and so therefore we're safe. But if so, then any of the other parties to the protocol have the same right.

The wording of the second treaty and the protocol is so ambiguous that already the people of the United States are being told by our Government that we have rights which the Government of Panama is telling its people we don't have.

We're told that, from the year 2000 on to perpetuity, the United States can unilaterally declare [that] neutrality of the canal has been violated, and we can intervene to restore it.

We're told that, in time of war, our naval vessels can go to

By William F. Buckley

We should, I think, make this dispute as easy on ourselves as possible. We are here to ask the question: Should the treaties submitted by the President to the Senate be signed? If I were in the Senate of the United States, I would sign. . . .

Now, to vote for them is not to renounce the foreign policy of Theodore Roosevelt. To vote for them is not to endorse the foreign policy of President Carter. To vote for them is not to say that we are frightened by any threat directed at us by Omar Torrijos [Panama's leader]. Or to vote for them is not to say that we are in the least influenced by the desires of the Security Council of the United Nations, which is dedicated to the decolonization of any part of the world not under Communist control. . . .

So that what I am saying is that I am, for one, singularly unmoved by lachrymose appeals to pull out of Panama on the grounds that our presence there is the last vestige of colonialism. My instinctive response to assertions put to me in those accents is that maybe we should have a little more colonialism—not less of it. Nor does our belief that it is wise to sign these treaties suggest that we harbor any illusions about the character of the head of Government of Panama or the stability of his regime, or that we find that the 32 Governments that have ruled over Panama since it became an independent state are an indication of creeping stability because the current Government has lasted almost 10 years. . . .

What we are maintaining is that the United States, by signing these treaties, is better off militarily—is better off economically and is better off spiritually. Why militarily? The question needs to be examined in two parts.

If there is a full-scale atomic war, the Panama Canal will revert to a land mass, and the first survivor who makes his way across the Isthmus will relive a historical experience "like stout Cortez when with eagle eyes/He stared at the Pacific and all his men/Look'd at each other with a wild surmise/Silent, upon a peak in Darien."

In a situation of hostility short of the exchange of missiles, we would desire mobility through the canal. That mobility is more easily effected if we have the co-operation of the local population. As matters now stand, 75 per cent of the work force in the canal is Panamanian. . . . The co-operation of the 2 million people in whose territory the canal lies, whose personnel already do three quarters of the work required to keep the canal open, is—to put the matter unobtrusively—desirable.

At the same time, I deem it essential . . . that the United States should continue to exercise responsibility for maintaining access to the canal. And I note, therefore, with satisfaction that the first treaty reaffirms the absolute right of the

Ronald Reagan (continued)

at the head of the line and have privileged passage through the canal.

We are not told that Dr. Romulo Escobar Betancourt, chief negotiator of Panama and the chief adviser to the dictator of Panama, has assured his people we don't have any such rights.

The first treaty provides for a defense under a joint board composed of equal numbers of Panamanian and United States officers.

Now, that has a friendly sound—even though the treaty requires us to close down 10 of our 14 military bases and to fly the Panamanian flag at the entrance of the other four and in the place of honor on each base. And, of course, since Panama will have sovereignty, Panama will also have the absolute power of decision.

Joint defense: Now, that brings to mind a picture of friendly allies going forward shoulder to shoulder in friendly camaraderie—Americans voicing, probably, their customary marching chants, such as the well-known "Sound off—one, two." The Panamanian Guardia Nacional will be chanting the words that they use in their present training. They march to these words: "Death to the gringo! Down with the gringo! Gringo to the wall!"

Now, that should reassure us gringos about the kind of cooperation we might have under the new treaties.

It's false to say . . . that the canal is not vital to national defense. In the Vietnamese War, substantial cargo destined for the war zone went through that canal. There are present contingency plans that call for the movement of 60 Pacific Fleet vessels to the Atlantic in the event of a NATO crisis.

What Military Leaders Really Think

Among top-ranking military officers who are retired—and thus free to speak their minds—I have seen a figure that 324 are opposed to the treaties; three are in favor.

We have operated the canal for more than 60 years on a nonprofit basis, open to all the world's shipping.

Panama derives one fourth of its gross national product from the canal, and has the highest per capita income of any country in Central America and fourth-highest in all of Latin America. The citizens of Panama make up 70 per cent of the canal work force, with a payroll of 110 million dollars.

Somehow, it boggles the mind to think that we're being asked to turn over a 10-billion-dollar investment—including hospitals, schools and even homes that the workers live in—and place American people and the American military under the jurisdiction of a Government that was not elected by the Panamanian people, that holds power at the point of a gun, and is an authoritarian dictatorship.

There's no talk of purchase or a purchase price. We will instead pay that Government what will total about 1.5 billion dollars in the 20-odd years to take this thing off our hands—and also for them not to engage in bloody riots and disturbances. And we also promise not to build another canal anywhere else without their consent.

Of course, we have agreed to continue foreign aid—which is now the highest per capita in their country of any country in the world that we help. Ah, but we're told this will make us beloved in all Latin America.

But will it? He himself—General Torrijos—has told journalists that only four countries of Latin America support his kind. I have had personal contact with representatives of governments who tell us no, that they don't.

I think there are alternatives. We are not saying "No" — except to the settlements.

William F. Buckley (continued)

United States to defend access to the canal and to continue to garrison our troops in Panama until the year 2000. And I note with satisfaction that the second treaty reaffirms the right of the United States to defend the canal and to guarantee access to it—even after the canal itself shall have become the physical property of the Republic of Panama.

I should add, before leaving the military point, that if we cannot secure access to the canal after the year 2000 from bases outside Panama—i.e., if our power is so reduced that we cannot control the waters at either end of the little Isthmus of Panama—it is altogether unlikely that the situation would change in virtue of our having the technical right to bivouac a few thousand Marines within the territory of Panama.

Why would we be better off economically? Because, under the first treaty, the revenues from the use of the canal flow to the United States. The royalty retained by Panama is, at 30 cents per ton, approximately 25 per cent of the tolls—plus a share in the profits not to exceed 10 million dollars.

Ancillary economic commitments do not spring directly from the treaty—by which I mean our extratreaty commitment to help Panama achieve credits from the Export-Import Bank from AID and OPIC [Overseas Private Investment Corporation], and our commitment to give it, over the term of the treaty, 50 million dollars of military equipment for the purpose of relieving us of expenses we currently shoulder.

Those who have made a huge production over the financial price of these treaties—which figure approaches 60 million dollars per year, the whole of it derived from canal revenues—are perhaps most readily sedated by comparison with that come readily to mind: 1.29 billion dollars to Spain during the last 20 years. I know, I know. We are paying Spain for the privilege of protecting Spain. Such are the burdens of great nations.

Or there is Turkey. For the privilege of protecting Turkey from the Soviet Union, we have spent 2.828 billion dollars, and are now committed to spend an extra 1 billion over the next four years. Dear Turkey—lovely people! And unlike the canal, we have no offsetting revenues from Turkey.

"We'd Be Better Off Spiritually"

I said finally we'd be better off spiritually. Perhaps—I mean it is so—this is the most provocative point I have made, because we are most of us, agreed that the people who have been responsible for United States foreign policy during the postwar years—Republicans and Democrats—have tended to suffer from grievous misconceptions . . . concerning what it is that makes a country popular or prestigious. . . . The conventional wisdom is that we earn the respect of the world by prostrating ourselves before the nearest Cherokee Indian and promising to elect Marlon Brando as President.

Finally, we do not believe—those of us who favor this treaty—that this is to be favored because it will cause the President of Libya to smile upon us as he lubricates his megaphones with expropriated American oil, happily joining a consortium of extortionists whose respect for the United States paradoxically enough, diminishes as we agree to pay the price that they exact from us as a reward for our defective diplomacy.

So, it is another kind of satisfaction, Mr. Chairman. I mean the approval given by reflective men and women to nations that disdain false pride. Nothing should stand in the way of our resolution to maintain United States sovereignty and freedom, and nothing should distract us from the irrefragable value of prideful exercises—suitable, rather, to the peacock than to the hen—to assert our national masculinity.

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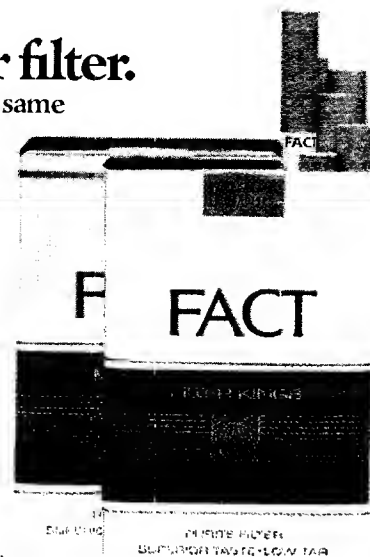
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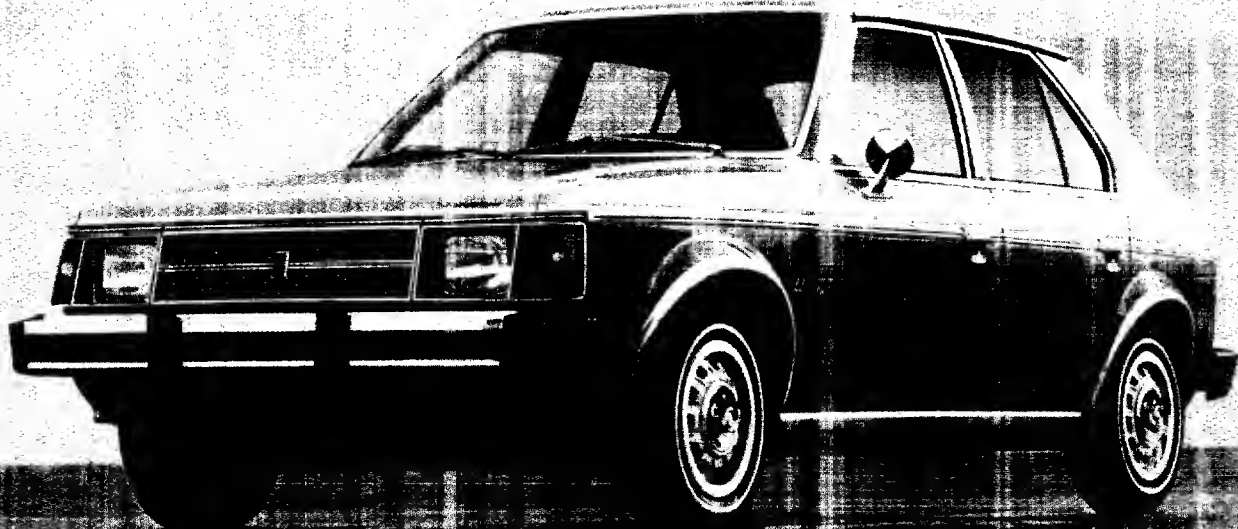
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A FRESH PERSPECTIVE FROM OVERSEAS

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Is the Soviet Union really going to lose its pivotal oil-exporting role, become a net buyer by 1985? That's what CIA studies predict.

Other experts disagree. In the end, the answer may depend on what happens in Western Siberia, source of 40 per cent of Soviet oil.

Our Moscow man, just back from that harsh region, gives this assessment:

There is an ambitious growth target of 12 per cent a year in local output. If achieved, it would boost Western Siberian production from about 4.3 million barrels a day in 1977 to more than 10 million daily in 1985.

That's almost the level of production capacity in Saudi Arabia.

Reaching this goal means surmounting ever-harder physical, technical bars. Costly methods of secondary recovery will have to be used after 1980.

U.S., other foreign-made rigs will become more vital to Russian progress.

Russians stress that only 5 per cent of this Alaska-size tract has even been geologically surveyed. Less than one fifth of the oil fields found so far are in production. And no deep drilling has yet been necessary. Also--

Outside analysts repeatedly have underestimated both Western Siberia's oil potential and the Soviets' capacity to overcome the area's extreme conditions.

Yet, serious problems exist. Coupled with declining yield in other Soviet areas, these factors add credibility to the CIA forecast . . .

Output at the Samotlor field, source of 60 per cent of Western Siberia's 1977 oil, will peak in 1979, hold there for maybe eight years, then plummet.

Geological-survey work seems to be falling behind Russia's and Eastern Europe's rising oil demand. New finds are smaller, remoter, harder to develop.

Roads and railways are lacking at wilderness sites eyed for future action.

Labor shortages, already braking Siberian projects, are likely to worsen.

Even on the scene, a clear-cut verdict on Soviet oil and its potential is not easy. The likeliest balance appears to lie between the CIA's pessimism and the buoyant confidence of the Soviets. But it means that Moscow seems unlikely to enter the market for Mideastern oil in a big way before the 1990s.

In Quebec, the decision is not yet final, but the coup de grace to the Province's economic hopes may be delivered by defection of a key firm. Its name: Sun Life Assurance Company of Canada. The issue: the French language.

Sun Life, Canada's largest insurer and a global operator, announced early

(over)

this year that it would shift its head office from Montreal--where it employs 1,800 workers--to Toronto, in Ontario. Sun said it could no longer function effectively under strict language laws of the new Parti Québécois provincial government, which is out to sever Quebec politically from the rest of Canada.

Because about 90 per cent of the firm's business is conducted in English, Sun spokesmen maintain that it is hard to recruit and keep personnel now that French must be the operative language of all companies in Quebec.

The "Montreal Gazette" called Sun's plan "an act of economic sabotage."

Others feared that a Sun Life withdrawal would speed a corporate flight from Montreal, limited mainly so far to small and medium-sized outfits.

With criticism so heated, Sun Life proposed a three-month delay before its policyholders vote on the move. Whatever happens, most of some 350 U.S. firms doing business in Quebec are likely to stay put, ride out the political storm.

The British are learning that "gentlemen's agreements" with the Japanese to restrict trade can spring some leaks. Take their "voluntary" pact on cars--

Japanese auto sales to Britain were not supposed to go up "significantly" last year. Even so, they rose almost 16 per cent, exceeded 140,000 vehicles.

British manufacturers concede that the surge of Japanese and other foreign models was possible partly because of Britain's own assembly-line fiasco. A rash of strikes and lesser labor disputes in domestic factories in 1977 slashed production of cars by an estimated 400,000 units. With a dent like that . . .

The imports' share of Britain's market went from about 38 per cent in 1976 to more than 45 per cent in 1977--with major gains in the year's final months. Total car sales in Britain last year rose only 3 per cent, to 1,323,000 units.

And note this: Three big domestic producers--Ford of Britain, Chrysler and Vauxhall, a General Motors arm--sold as well as they did only by bringing in parts from other European plants when work stoppages buffeted the British.

Chances of reversing the flood of Japanese and other imports are not so hot, either. Reason: The nationalized Leyland firm seems headed for another stormy year. There are plans to close some money-losing operations at Leyland, which has as many as 700 work stoppages a year, even without layoff friction.

Japan wins one market after another overseas. But business is so slow at home that the Government is cutting back on printing of a key bank note.

It's the 10,000-yen note, worth roughly \$40 at current exchange rates and largest of general-circulation bills. About 7 per cent fewer are being printed in the financial year ending in March. Why? The need for big notes is easing.

Japan's December, 1977, retail sales, fortified by usual year-end bonuses, gained only 4.2 per cent over 1976 levels, smallest year-to-year plus since World War II. Even Buddhist, Shinto shrines report contributions have fallen.

Frostbelt vs. Sunbelt—War for Defense Funds

White House and Congress are feeling the heat as the Northeast and Midwest step up their demands for a bigger cut of the Pentagon's bases, jobs and contracts.

The fight in Washington between the "frostbelt" and the "sunbelt" now is shifting to the Defense Department's 105-billion-dollar budget.

States in the Northeast and Midwest complain that they are not receiving their fair portion of military bases and the personnel who go along with them. They say, also, that they are not getting a big enough slice of the more than 50 billion dollars in contracts awarded by the Pentagon last year on military supplies, weapons and other equipment.

The Southern and Western sections of the nation that have been most successful in obtaining defense business in recent years are not about to yield up any of their gains. They, too, are girding for battle.

At this stage, the fight still is being

waged largely with statistical salvos, with the frostbelt producing new studies to prove that it has been slighted by defense planners.

Round No. 1. The battle soon could intensify now that the Defense Department has unveiled its budget for the fiscal year that begins October 1. The budget proposes a number of economy moves—and more are expected within months, including base closings around the nation. Those proposals are likely to provoke both sides into action to prevent any losses, with the possibility of skirmishes on the House and Senate floors.

The effort to keep bases promises to be only the opening round. Northeastern and Midwestern representatives have their eyes, too, on getting more

Defense Department employees, additional training and housing facilities and eventually more military production contracts for local manufacturers.

Why the intense renewed interest in the defense budget?

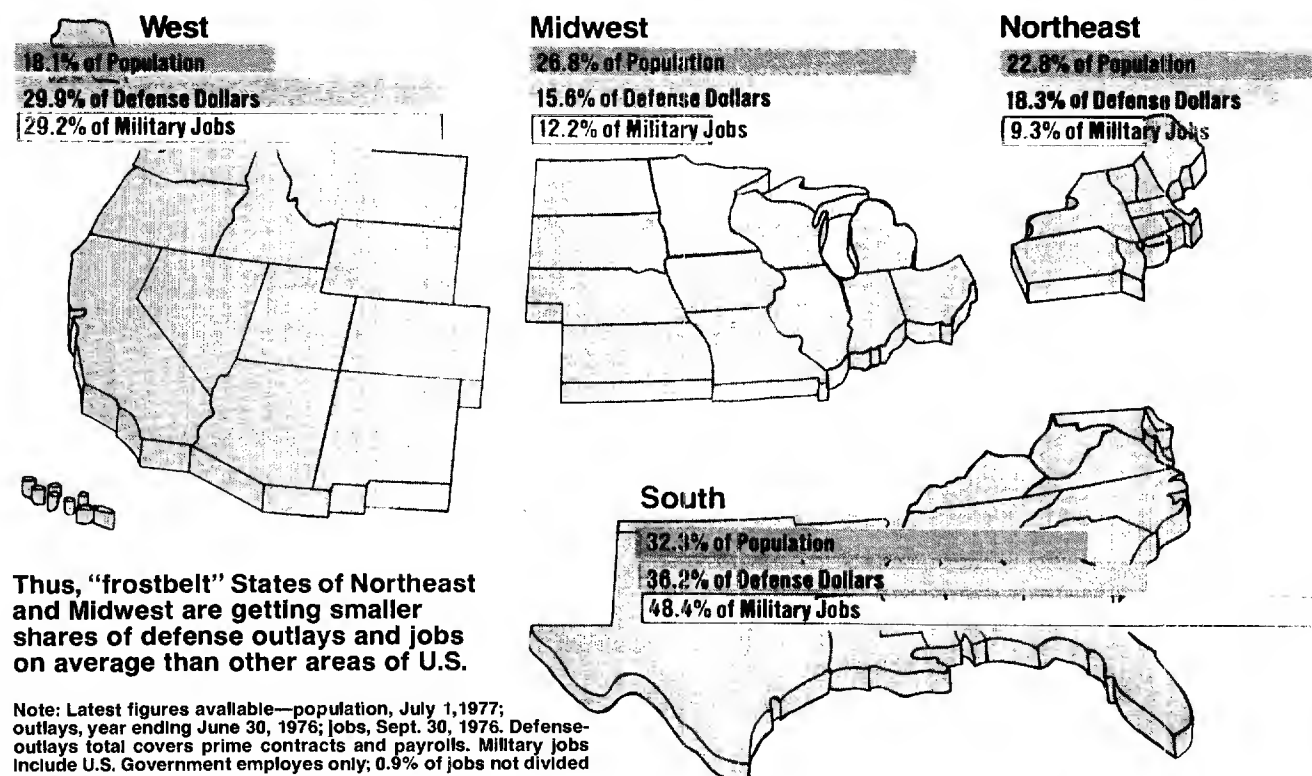
For one thing, the stakes are growing yearly. Pentagon spending is projected to increase from 105 billion dollars in the current fiscal year to 148 billion by 1982. About 90 billion of the current funding goes for payrolls and prime contracts.

Furthermore, frostbelt representatives contend, the heavy flow of defense dollars to the South and West over the years has contributed to the decline of their region. By the same token, they say, directing some of that money back to them, through new defense contracts, bigger bases and more personnel, could help to revive business activity and cut unemployment.

Steady decline. A study by the Economic Unit of *U.S. News & World Report* confirms that in competing for defense dollars, the Northeast and the North Central States have lost ground to the rest of the country since the fiscal year that ended June 30, 1970. The trend shows up in several ways—

■ Military payrolls and contracts account for a smaller share of the person-

Who's Ahead in Race for Military Money and Jobs





DEFENSE WORK IN GEORGIA. Northern lawmakers want more of this kind of business.

income of people in the frostbelt regions.

- They get a smaller slice of the big defense orders.

- Fewer Defense Department employees are located there, relative to the general population.

- And there are fewer and smaller bases and other defense installations.

The big winner in this period has been the West, which now receives nearly 30 per cent of defense outlays in contracts and payrolls, up from 26 per cent in 1970. The chart on page 43 shows the losses and gains of the regions in various aspects of Pentagon spending.

In their effort to counteract these trends, congressional representatives in the Northeast and Midwest have already taken several steps.

"Getting our fair share." House members from the 16 States that comprise the Northeast-Midwest Economic Enhancement Coalition, a bipartisan group, have asked President Carter to stop closing and consolidating bases in their region. "The sum and substance of the matter is getting our fair share," says Representative Edward P. Boland (Dem.), of Massachusetts. "We've seen military-base closings in our area while the Federal Government was locating other facilities in the sunbelt in preference to ours and other areas."

The coalition also asked President Carter to station in their area any U.S. troops brought back from South Korea or Europe, to give priority to firms in areas of high unemployment when awarding defense contracts, and to locate new military construction in their States.

Area representatives have met with Defense Department officials and is-

sued studies documenting coalition complaints.

Other organizations are doing the same thing, including a New England caucus in Congress, a council of Northeastern Governors and informal coalitions of Midwestern Governors and Senators.

Bases are the top issue at the moment because of the economic benefits that go with them—jobs for residents and business for local firms. Nearly half of all the bases closed between 1960 and 1975 were in the 16 States represented in the coalition, according to one study.

"The wholesale removal of the military establishment from the Northeast and Midwest to other areas of the country ignores the profound and lasting impact such actions have on State and regional economies," insists Representative Michael Harrington (Dem. of Massachusetts, coalition chairman).

Defense officials normally justify their decisions on bases and contracts by citing lower costs or other advantages. But that does not satisfy the frostbelt legislators who say that it "is unconscionable" for a federal agency spending billions of dollars each year to ignore the impact of its decisions on communities and regions.

Extensive losses. That impact has been considerable on frostbelt cities in the past. It is estimated that the closing of the Boston Navy Yard in 1973 cost the local area more than 90 million dollars. And Pennsylvania Governor Milton J. Shapp says that Philadelphia lost at least 5,000 jobs when two facilities there were closed.

Shapp has offered to go to the lengths to help get more Defense Department business for his State. The

Governor, for instance, promises, "If space to expand is needed, I will do everything possible to help acquire it. If Pennsylvania's businessmen need assistance to obtain job-producing defense contracts, I will ask all agencies of the State government to work toward that goal."

Shapp and others realize, however, they are fighting an uphill battle. One reason: the public appeal of the Pentagon's arguments that moving or closing a base will save taxpayers money. A Pentagon spokesman says, "We have to make decisions on the most economical basis."

Other factors, too, are hurting the Northern States. The Defense Department points out that many of the base closings and consolidations throughout the country were dictated by the end of the Vietnam War, the reduction in naval-ship power and a need to increase efficiency. Some air bases have been closed because the possibility of a Soviet air attack is now considered more remote.

The Northeast has been particularly hard hit by those developments, because many of the facilities there were older and smaller, and hence less efficient, than those in the South and Southwest.

The sunbelt has benefited, too, from the influx of defense manufacturers' plants and from the long concentration of the aerospace and missile industries in that section of the country.

On guard. Meanwhile, attacks from the frostbelt on non-defense fronts have put the sunbelt on guard. Representatives of the South and West have seen their foes win victories recently in reshaping legislation on community development and public works.

There are plans to organize a congressional sunbelt caucus. In addition, the regional Southern Growth Policies Board, which is composed of State political leaders, has recently set up a Washington office to counter claims of their Northern competitors.

Representative Mark W. Hamner (Dem.), of California, a sunbelt organizer, says he sympathizes with the frostbelt's efforts to hold on to and get more bases and garner a larger share of the defense dollar. But he opposes any requirements to direct or target the flow of military spending. "If Texas is a better place to build airplanes or locate an airfield, it shouldn't be penalized," he says. "Geographically, the Southwest may just be a better place to have bases."

All this suggests that, with billions of dollars at stake, the latest battle for bigger shares of the defense budget is just beginning.

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E8AN 155

More Political Heft for the South, West

Rush of millions from older cities to warmer spots will bring changes in makeup of Congress in the '80s.

Now you can see the size of the coming shift in congressional power between "sunbelt" and "frostbelt" States.

New population estimates by the Bureau of the Census indicate that, as totals now stand, 13 States will gain or lose seats in the House of Representatives after the 1980 census.

The gainers, mostly in the sunbelt regions of the South and West: Florida and Texas each would qualify for two more seats. Arizona, California, Or-

gon, Tennessee and Utah each stand to add one.

The losers, all in the Northeast and Midwest frostbelt: New York would give up three House members; Ohio, two; Illinois, Michigan, Pennsylvania and South Dakota, one each.

Thus, the generally warmer or the newer States would boost their voting power in the House by a net of 18 seats, assuming that members of each region's delegation stick together.

Under law, the size of the House is fixed at 435 seats, allocated after each 10-year census. The next changes will take effect in the 1982 elections.

The outmigration. Behind the gains and losses in congressional seats is the continuing move of Americans from old population centers to other areas.

Both the South and West have been growing at about double the national average rate in the 1970s.

California, in the process, has widened its lead as the nation's most populous State, growing 10 per cent since

1970 to almost 22 million people. New York, which had held the title until 1963, fell to fewer than 18 million during the same period.

Florida, however, is attracting the most new families, with transplanted residents from other States accounting for nine tenths of its growth in population. Florida has netted 1.5 million newcomers since the 1970 census; California comes second, with 817,000, and Texas third, with 760,000.

Even so, Florida's growth rate has slowed to one third its rate of the early 1970s. Rapid rates of increase in Arizona and Colorado also have tapered off some. Still, the Rocky Mountain States show the fastest percentage jump of any area: up 21 per cent since the 1970 census.

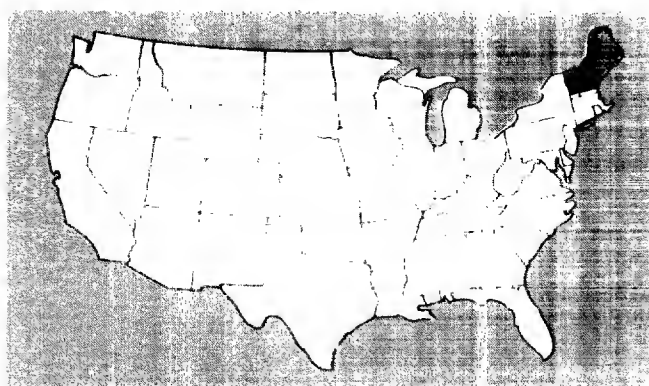
All in all, the federal estimates show, the population increase of 13 million so far in the 1970s resulted from 10 million more births than deaths and 3 million more people arriving here from abroad than departing. □

State by State—Where U.S. Is Growing Fastest

| | 1970 Population | 1977 Population | Change | | 1970 Population | 1977 Population | Change |
|----------------------|--------------------|--------------------|-----------------|----------------------|--------------------|--------------------|-----------------|
| NORTHEAST | 49,061,000 | 49,280,000 | UP 0.4% | Kentucky | 3,221,000 | 3,458,000 | UP 7.4% |
| Connecticut | 3,032,000 | 3,108,000 | UP 2.5% | Louisiana | 3,645,000 | 3,921,000 | UP 7.6% |
| Maine | 994,000 | 1,085,000 | UP 9.2% | Maryland | 3,924,000 | 4,139,000 | UP 5.5% |
| Massachusetts | 5,689,000 | 5,782,000 | UP 1.6% | Mississippi | 2,217,000 | 2,389,000 | UP 7.8% |
| New Hampshire | 738,000 | 849,000 | UP 15.0% | North Carolina | 5,084,000 | 5,525,000 | UP 8.7% |
| New Jersey | 7,171,000 | 7,329,000 | UP 2.2% | Oklahoma | 2,559,000 | 2,811,000 | UP 9.8% |
| New York | 18,241,000 | 17,924,000 | DOWN 1.7% | South Carolina | 2,591,000 | 2,876,000 | UP 11.0% |
| Pennsylvania | 11,801,000 | 11,785,000 | DOWN 0.1% | Tennessee | 3,926,000 | 4,299,000 | UP 9.5% |
| Rhode Island | 950,000 | 935,000 | DOWN 1.6% | Texas | 11,199,000 | 12,830,000 | UP 14.6% |
| Vermont | 445,000 | 483,000 | UP 8.7% | Virginia | 4,651,000 | 5,135,000 | UP 10.4% |
| | | | | West Virginia | 1,744,000 | 1,859,000 | UP 6.6% |
| MIDWEST | 56,593,000 | 57,941,000 | UP 2.4% | WEST | 34,838,000 | 39,263,000 | UP 12.7% |
| Illinois | 11,113,000 | 11,245,000 | UP 1.2% | Alaska | 303,000 | 407,000 | UP 34.6% |
| Indiana | 5,195,000 | 5,330,000 | UP 2.6% | Arizona | 1,775,000 | 2,296,000 | UP 29.3% |
| Iowa | 2,825,000 | 2,879,000 | UP 1.9% | California | 19,971,000 | 21,896,000 | UP 9.6% |
| Kansas | 2,249,000 | 2,326,000 | UP 3.4% | Colorado | 2,210,000 | 2,619,000 | UP 18.5% |
| Michigan | 8,882,000 | 9,129,000 | UP 2.8% | Hawaii | 770,000 | 895,000 | UP 16.2% |
| Minnesota | 3,806,000 | 3,975,000 | UP 4.4% | Idaho | 713,000 | 857,000 | UP 20.3% |
| Missouri | 4,678,000 | 4,801,000 | UP 2.6% | Montana | 694,000 | 761,000 | UP 9.6% |
| Nebraska | 1,485,000 | 1,561,000 | UP 5.1% | Nevada | 489,000 | 633,000 | UP 29.6% |
| North Dakota | 618,000 | 653,000 | UP 5.8% | New Mexico | 1,017,000 | 1,190,000 | UP 17.0% |
| Ohio | 10,657,000 | 10,701,000 | UP 0.4% | Oregon | 2,092,000 | 2,376,000 | UP 13.6% |
| South Dakota | 666,000 | 689,000 | UP 3.4% | Utah | 1,059,000 | 1,268,000 | UP 19.7% |
| Wisconsin | 4,418,000 | 4,651,000 | UP 5.3% | Washington | 3,413,000 | 3,658,000 | UP 7.2% |
| | | | | Wyoming | 332,000 | 406,000 | UP 22.2% |
| SOUTH | 62,813,000 | 69,849,000 | UP 11.2% | UNITED STATES | 203,305,000 | 216,332,000 | UP 6.4% |
| Alabama | 3,444,000 | 3,690,000 | UP 7.1% | | | | |
| Arkansas | 1,923,000 | 2,144,000 | UP 11.5% | | | | |
| Delaware | 548,000 | 582,000 | UP 6.1% | | | | |
| District of Columbia | 757,000 | 690,000 | DOWN 8.8% | | | | |
| Florida | 6,791,000 | 8,452,000 | UP 24.5% | | | | |
| Georgia | 4,588,000 | 5,048,000 | UP 10.0% | | | | |

Note: Total for 1970 is for April 1; total for 1977 is July 1 estimate. Percentage changes are based on unrounded data.

Source: U.S. Dept. of Commerce



Close-Up of America

Yankees Fight

Nowhere do energy woes run deeper than in the far Northeast. Today its people—with old-time ingenuity and argumentation—are trying solutions that range from wood stoves to dams and nuclear power.

CONCORD, N.H.

The Yankee ingenuity described in history books is still alive in Upper New England as farmers and townspeople take on challenging energy and environmental problems.

In this countryside of frigid winters, the heirs of Ethan Allen and Daniel Webster are looking to the past for the answers to energy needs of the future.

From Lake Champlain in Vermont to Bar Harbor in Maine, they are turning to wood and water—the resources that fueled the fires and generated the power for early industries in Maine, New Hampshire and Vermont.

Both resources are still abundant in this largely rural northeastern corner of America. More than 80 per cent of Northern New England is forest. Streams and rivers flow everywhere.

Many people believe these and other natural resources can help New England's northern tier reduce its heavy dependence on costly imported oil, which, in the main, explains why the region has the highest energy prices in the country.

Oil provides about 80 per cent of the area's energy supply, compared with 46 per cent in the United States as a whole—and most of the oil is imported, leaving the supply subject to the vagaries of international politics. As the Organization of Petroleum Exporting Countries has boosted oil prices, the energy costs of New Englanders have soared to about 30 per cent higher than the national average—and electric rates run 45 per cent higher.

Another reason costs are high: For many years, the long distance between the northern tier and gas fields made it uneconomical to use natural gas. Hence, today there is little relatively low-priced gas in the area to serve as an offset to costly oil.

Few people in Northern New England expect costs and their dependence on imported oil to change dramatically very soon. But even without panaceas in prospect, there is hope. A federal task force has concluded that by the year 2000 the energy equivalent of 2.3 billion barrels of oil could be produced in New England by wood, most of it to be found in Maine, New Hampshire and Vermont.

Back to the Wood Stove?

Already, many Northern New Englanders are turning to wood for heat. Few homes in rural areas lack a big woodstove—and, on cold days, the aroma of puffs of sweet-smelling smoke rising from chimneys is commonplace.

In Vermont, the percentage of home-owners using wood as their main source of heat has jumped from 1 per cent to 7 per cent in the past few years—and the same pattern is repeated in New Hampshire and Maine. Retailers say sales of wood stoves have risen dramatically. Kris Kessler, product manager of a New Hampshire retail chain that sells

wood stoves, calls the demand "incredible." He says his sales volume has quadrupled in the past year.

Many Northern New Englanders see wood as an economical and dependable source of electric generation, as well as heat.

In Burlington, Vt., the municipal utility is planning to install a large wood-fired electrical generating plant that could reduce utility bills.

In New Hampshire's White Mountains, the hamlet of Dixville Notch is moving ahead with a plan to use wood to generate all of its electricity and supply part of its heat.

Many Vermont maple-syrup producers, who in recent years have switched from wood to oil for processing sap, are taking a second look at wood because the high cost of oil has eaten into their profits.

The reason: To transform sap into syrup requires large amounts of energy—4 gallons of oil for each gallon of syrup. Making just 1 gallon of syrup uses up \$2 worth of energy. Wood, despite price rises as demand increases, would be substantially cheaper than oil, according to maple-syrup experts.

Water power, too, stirs the imagination of many Northern New Englanders who fondly recall a time when rushing water turned the wheels of industry.

In Belfast, on the central Maine coast, Larry Gleeson has started the Maine Hydroelectric Development Corporation. Gleeson plans to refurbish dam sites no longer in use so they can once again generate electricity. He has just completed his first project—in Belfast—which is now selling power to a large Maine utility.

So entranced is Gleeson with the thought of the market for hydropower that he gave up his middle-management job with a Philadelphia-based corporation, sold his home and moved to Maine. Thus far, however, skeptical bankers have not improved financing for him.

"The Belfast project," he says sardonically, "is the first hydroelectric plant built on short-term credit. It may also be the first repossessed." Still, Gleeson hopes that with his first hydroelectric site working, financing will follow.

Several in Springfield, Vt., also see a bright future for hydropower.

They debated the merits of a municipal hydroelectric project at a town meeting—that venerable exercise in participatory democracy that survives in many smaller communities here. Citizens voted to establish a municipal hydroplant on the Black River, which runs through the town of 10,000 near the New Hampshire border.

Springfield is one of about 800 places in New England where such small hydroprojects may be feasible, according to a federal study. It concludes that there are also 18 places worth considering for large hydroprojects.

to Get Out of Deep Freeze

The most controversial is Dickey-Lincoln in northern Maine, which would flood about 88,000 acres of wilderness and timberland to build two dams to meet peak electric demand throughout New England.

Battle in the Wilderness

Environmentalists are vigorously opposed to the project because it would destroy a wilderness area. Maine politicians are divided, and Maine Governor James B. Longley, who calls himself "a realistic environmentalist," has yet to take a position. When he does, it is expected to determine Dickey-Lincoln's fate.

Northern New Englanders also are taking another look at the Passamaquoddy project—started during the New Deal and later scrapped. The idea is to use tidal power on the Maine coast to generate electricity. Others think wind power and solar energy have important potential—and several experiments in using the sun's power are under way.

Despite the wide enthusiasm for energy alternatives, however, many feel that these natural sources have only limited potential for years to come. For instance, Guy W. Nichols, president of the New England Electric System, believes that all alternative fuels will provide only 8 to 10 per cent of New England's total energy requirements in the year 2000.

What Nichols and others see as big in the northern tier's energy future is nuclear power.

Vermont and Maine already have nuclear plants in operation. In New Hampshire, the controversial Seabrook plant is being built—though some feel that it never will be completed because of financing troubles and fierce opposition from environmentalists.

C. Robertson Trowbridge, a New Hampshire State senator and publisher of *Yankee* magazine, says that as utility costs go up to help pay for building Seabrook, many New Hampshire residents are becoming skeptical of utility arguments that nuclear power means cheap power. Furthermore, Northern New Englanders are becoming more concerned about the safety of nuclear plants.

Many politicians say that the public mood today would make it impossible to win approval for any new nuclear plants. Still, some contend that more nuclear capacity is needed to help Northern New England avoid even worse energy woes.

The quarreling over Seabrook symbolizes the collision of energy and environmental concerns, prevalent here as in most of the nation.

Many native Yankees approach with caution—and some hostility—anything that could significantly change the environment. They have been bolstered by support from new migrants who have left the city to seek a more relaxed life style in this picturesque region. Wealthy urbanites, who flock to week-end retreats in the mountains and on the coast to recuperate from the hurly-burly of the urban scene, also have enlisted in the cause.

The northern tier's economic dependence on the tourist industry, which brings visitors to the oceans and mountains in summer and to the ski slopes in winter, is also a key factor in shaping thinking about the environment.

Environmental considerations are important to Vermont's Governor Richard A. Snelling and Maine's Governor Longley. Both want industrial development, but add that it must harmonize with the environment. Explains Longley: "We hold our land and water in trust for future generations. Firms that want to come here which don't care about our environment don't care about our people."

In Pursuit of Growth

New Hampshire is less vehement about the environment than its neighbors are. That, along with the absence of an individual income tax and a State sales tax, has made it one of the fastest-growing States east of the Mississippi.

The southern part, near the Massachusetts border, is booming with new plants and residents. Gas stations, shopping centers and fast-food outlets line the highways—a reminder that Northern New England is not all white church steeples and village greens.

Many businesses new to the area think it provides the best of all worlds: low taxes and proximity to Boston, with its many cultural institutions. Some of the new businesses have moved from Massachusetts, creating growing enmity between New Hampshire and its neighbor to the south.

The State's controversial Republican Governor, Meldrim Thomson, Jr., who has built a successful political career on opposition to new taxes, points proudly to the State's development as vindication of his policies. But critics say the development is detrimental to the environment.

Such differences point up the marked change in Upper New England's rock-ribbed Republicanism of the past. Today, five of the six U.S. Senators from the three States are Democrats. And many Democrats hold State offices.

The Governors of the northern-tier States represent as diverse a political mix as can be found anywhere.

Vermont's Snelling is a progressive Republican, liked and respected in a State whose politics are as wholesome as its air. Maine's Longley, a former Democrat who was elected to office as an independent, is regarded as a maverick. Thomson, a native Georgian, found political happiness in New Hampshire—and some notice for opposing the Panama Canal treaties and urging the impeachment of United Nations Ambassador Andrew Young.

What years ahead hold in store for the northern tier nobody knows for sure, particularly in the realm of energy. But in winter's fading, yet still frigid, months—when temperatures plunge and utility bills soar—energy is uppermost in the minds of Northern New Englanders.

Some believe that they are moving into an era of energy scarcity—forcing an adjustment of life styles. This could be particularly difficult in these rural States where people depend on automobiles to get around.

But many people believe that wood, water and other renewable energy sources will be the northern tier's salvation—and that by developing these natural assets it can set an example for the rest of the nation, much as New Englanders did in the great crises of America's past. □

This article, one of a continuing series, was prepared by Associate Editor Alvin P. Sanoff.

Competency Tests: New Furor in Schools

As public dissatisfaction with student performance mounts, many educators are taking a new tack to try to assure that the young master basic skills.



Testing of students for "minimal competency" is spreading in the nation's schools—and breeding new controversies among educators.

The tests, aimed at tightening educational standards, grow from a widening fear that schools are turning out graduates who can't read or write properly.

Hoping to assure that students learn, 30 States and numerous school districts have enacted a variety of competency measures, the majority of which require students to pass examinations in basic skills before they can graduate.

Tests differ from place to place in the quality of performance demanded. Some stress conventional academic ability, others stress "functional" skills such as making a household budget or filling out applications.

Emphasis on 3 R's. One way or another, the idea is to require students to show some grasp of reading, writing and mathematics before they qualify for a high-school diploma.

Public support for the concept is

strong—and growing numbers of educators see it as a possible way of raising student performance.

Says W. James Popham, professor of education at UCLA: "The tests ultimately will improve the effectiveness of the schools by obliging educators to promote student mastery of key skills."

At the same time, however, teachers are divided on the merits of competency testing. Some feel their colleagues have brought the tests on themselves. For instance, Raymond Harrell, an English teacher in Dade County, Fla., comments: "We need a test if that's what it takes to raise our standards. We've been passing kids who, if they were not illiterate, were nearly so."

Many teachers, however, tend to be wary of the tests, and are particularly dubious about making them the sole criterion for graduation.

Some fear that test results will be used not only to assess student skills but also to judge teacher performance. Other educators doubt that such tests

improve the quality of education. Consultant Arthur Wise says: "Available evidence provides little, if any, justification for the belief that minimal-competency testing will help poor students to learn or poor teachers to teach."

Warns Joan Goldsmith, codirector of Antioch's Institute of Open Education in Cambridge, Mass.: "Competency testing is an attempt to take the complexity of the learning situation and simplify it down to a checklist."

Both supporters and critics agree that there are many pitfalls involved in competency testing.

Levels too low? A basic question: How much do students have to know before they are regarded as competent? There is concern that many States will set the competency levels very low to prevent too many youngsters from failing and thereby bringing embarrassment to both themselves and to their school systems.

A question on a test devised by the New York State education department points up this problem: "Fred has four candy bars. If he divides each bar in half, what is the total number of pieces he will have?...8...2...16...4."

Many educators doubt such simple questions will yield useful information about the capabilities of students. But Vivienne Anderson, associate commissioner for instructional services in the New York State education department, says: "The idea is to try to pinpoint weaknesses and correct deficiencies rather than to flunk kids out."

Florida is taking a tougher line in its approach to testing. As a result, many high-school juniors failed a recent test that asked them to solve practical problems in mathematics and communications skills. In Miami, 42 per cent failed the math portion; in Jacksonville, 45 per cent flunked. Results on the communications-skills section were better. Still, 11 per cent failed in Miami and 14 per cent in Jacksonville.

Those who flunked will have two more chances to pass. If they still fail, they won't receive high-school diplomas. Instead, they will get certificates of attendance.

Whether parents will support the



In many school systems with competency tests, students will have to pass examinations on reading, writing and arithmetic in order to obtain high-school diplomas.



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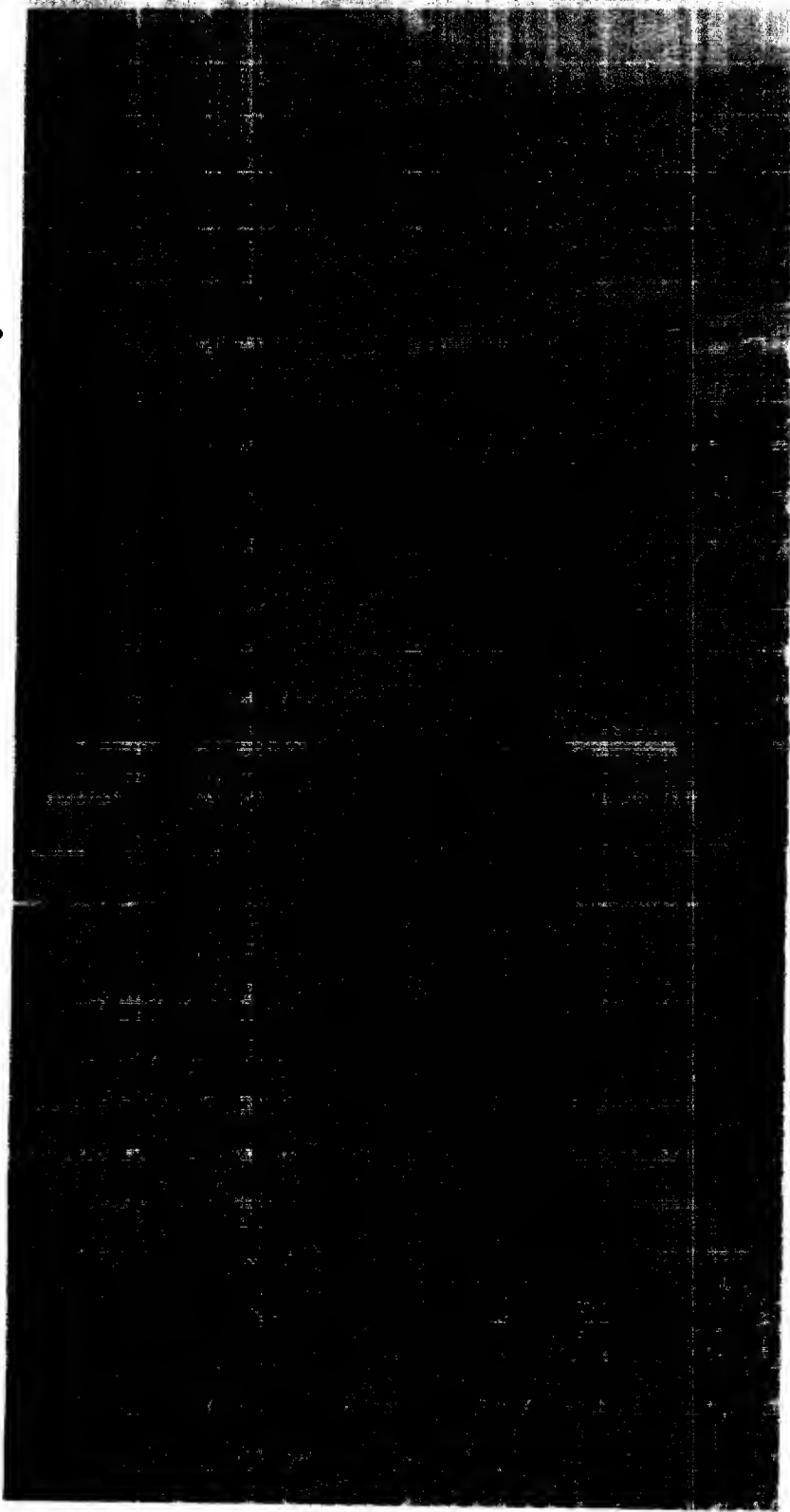
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program if large numbers of students continue to fail is unclear. Scores were especially low in predominantly black schools. Eddie Mae Steward, president of the Jacksonville Branch of the National Association for the Advancement of Colored People, says, "The tests give ammunition to black groups complaining about the curriculum in the black schools." But she worries that the tests will fuel old arguments that blacks don't learn as well as whites.

Many educators fear that competency tests might be "culturally biased," making it more difficult for many members of minority groups to win high-school diplomas.

Controversy foreseen. Donald Van Fleet, director of research and planning for the Kentucky department of education, predicts competency tests "will stir up as much controversy in the courts as desegregation."

Adds Gordon Cawelti, executive director of the Association for Supervision and Curriculum Development: "Students from low-income homes, alienated youths, and those with a cultural difference are most likely to be caught in the competency game."

The competency movement has generated other concerns among educators. Many fear that teachers—under pressure to have students perform well—will instruct pupils on how to pass the exams while bypassing long-term goals of learning. There is also concern that minimal competencies will become maximums—with the level of education plummets as a result.

A big question with many educators: Are school systems prepared to provide remedial training for students who have trouble passing the tests? Without such training, they warn, there will be no improvement in performance. But supporters of the tests believe these problems can be worked out and, once they are, competency testing can bring substantial benefits.

Explains Harry Handler, deputy superintendent for instruction in the Los Angeles Unified School District: "With a good competency program, students seem to have a better understanding of what's expected of them. Parents have a better understanding of what's expected of the students and what the schools are attempting to do."

Adds David Hornbeck, Maryland's State superintendent of schools: "Competency testing can provide a set of concrete standards through which we can push folks toward achievement."

There is a great deal of debate among educators on this question: In what grades should the exams be given? Opinions differ, too, over how the exams should be used.

Many view the tests primarily as a device to measure whether a high-school student has the skills to graduate. But some advocates believe in giving competency tests as early as elementary school to determine whether a student is promoted. Others argue that the tests should be only one of several criteria for determining promotion. And some believe the exams should be used only as a diagnostic tool.

While many States are drawing up tests, others—such as California—are leaving it up to local school districts to determine the content of their exams. Many expect this to result in wide variations in content.

Already, some school systems plan to focus on the basics of reading, writing and mathematics, while others test practical skills, such as balancing checkbooks and writing résumés. Many plan to require exams in both basic and practical skills.

Tests on leisure. Maryland is even planning to assess performance in use of leisure time. A test format has not been worked out, but Maryland officials say that they will probably rely on observation of the student instead of using a paper-and-pencil exam.

The tremendous variation in skills tested and tests used could create widespread confusion, some educators say. This might lead to pressure for standardizing tests.

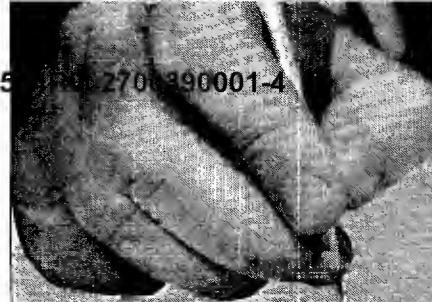
A bill has been introduced in the U.S. House of Representatives, in fact, to establish a commission to set national educational standards and develop appropriate tests. Local school districts would not have to participate in the testing program, but those that did would receive funds for testing and remedial instruction.

Many educators fear the passage of such legislation, seeing it as the first step toward establishing a federally prescribed curriculum. While the Carter Administration supports competency testing, Secretary of Health, Education and Welfare Joseph A. Califano, Jr., opposes setting up a federal testing program.

The impact of the competency movement is such that some educators foresee a day when entire curricula are competency-based. Some school systems, such as Washington, D.C.'s, are already moving in that direction.

Whatever their feelings about competency testing, educators believe it is not going to fade away quickly.

Observes Decker Walker, who is an associate professor of education at Stanford University: "Professional educators are going to have to cope with competency-based education whether we like it or not." □



Test Yourself

Many Florida high-school juniors had trouble answering questions similar to these on a recent competency test:

1. Look at a calendar for November, 1977. If you are away on vacation from November 3 through November 29, how long are you gone?

- A. Three weeks and five days
- B. Three weeks and six days
- C. Two weeks and five days
- D. Two weeks and six days

2. Which is the cheapest price per ounce?

- A. 20 ounces at \$1.70
- B. 12 ounces at \$0.96
- C. 10 ounces at \$0.90
- D. 8 ounces at \$0.76

3. A jar of paint will cover 10 square yards of wall. How much paint do you need to cover a wall that is 12 feet high and 16 feet long?

- A. 19 jars
- B. 20 jars
- C. 9 jars
- D. 3 jars

4. Jane Willis plans to take the Florida drivers' test next week. Which item below would be her best source of information on the test?

- A. The owner's manual of her father's car
- B. The dictionary
- C. The Florida drivers' manual
- D. An auto-repair manual

5. Harry found that he gets 18.5 miles per gallon with his car. He drove 925 miles on a trip. How many gallons of gas did he use?

- A. 5
- B. 50
- C. 60
- D. 100

6. Phil bought a color TV for \$590. He paid \$90 down, and financed the balance at 1½% per month. How much interest should he pay the first month?

- A. \$7.08
- B. \$7.50
- C. \$8.85
- D. \$15.00

Answers:

- | | | | | |
|---|---|---|---|---|
| 8 | 9 | 0 | 1 | 2 |
| B | 6 | C | 4 | B |
| B | 5 | D | 3 | 1 |

Controversy Over "Czar" for Intelligence

A sweeping reorganization of America's crisis-ridden intelligence system gives unprecedented powers to a controversial Navy officer.

Adm. Stansfield Turner, an Annapolis classmate of Jimmy Carter, gets wide authority over all spying activities overseas in the reform plan unveiled by the President on January 24.

As Director of Central Intelligence, he will supervise spending on foreign espionage activities by all Government agencies—the Central Intelligence Agency, which he heads, as well as the Defense Department, Federal Bureau of Investigation and Treasury.

Also, Turner will co-ordinate the overseas intelligence-gathering operations of these agencies and play a key role in setting priorities—for example, whether American spies and reconnaissance satellites should concentrate on China's economic and political prospects or its military potential.

Turner's new deputy, Frank Carmona, a career diplomat, disclosed at a January 27 confirmation hearing that he will take over day-to-day running of the CIA.

Ironically, the new reorganization scheme that strengthens Turner's role came amid speculation that the 54-year-old Admiral actually was on the odds as Director of the CIA.

The speculation surfaced the day before Carter announced the new setup. The *Detroit News* published a Washington report to the effect that Turner's ouster was being sought by National Security Adviser Zbigniew Brzezinski and Defense Secretary Harold Brown with the tacit co-operation of Secretary of State Cyrus R. Vance.

Praise from Carter. Denials came from all sides—Turner, Brown, Brzezinski and Vance. And the President himself went out of his way to reaffirm his confidence in the intelligence chief. After signing the order expanding Turner's authority, the President praised the CIA Director for his "sublim" performance, adding:

"I want to express my complete appreciation and confidence in Admiral Stansfield Turner, whose responsibilities under this executive order will be greatly magnified."

Despite the denials, informed Washington observers say there is convincing evidence of a strong effort in the

Carter Administration to undercut the CIA Director. The challenge first appeared inside the Central Intelligence Agency after Turner initiated a far-reaching plan to tighten discipline and shift emphasis from covert activities to analytical intelligence. CIA veterans complained that he was aloof and inaccessible and that he was surrounded by a "Navy mafia," a small group of officers appointed to his personal staff.

The grumbling reached a climax at the end of last year when the CIA Director delivered dismissal notices to 820 officials in the Directorate of Operations. This unit handles all clandestine activities—both traditional spying and "dirty tricks" of the kind that led to a protracted scandal and a series of official investigations.

Disgruntled clandestine operatives charged that Turner was relying excessively on technology at the expense of traditional espionage methods. In the interview appearing on these pages, the CIA Director gives his views on the purge and his new role.

The controversy—and the "dump Turner" movement—extends beyond the CIA into the White House and the Defense Department. Key members of Brzezinski's staff have put out hints that Turner was alienating the President by attempting to act as an adviser on policy as well as intelligence.

The strongest but least publicized challenge to the intelligence chief has come from Defense Secretary Brown. For more than six months the Pentagon boss has fought a running battle to limit Turner's control over Defense Department intelligence operations. In private, Brown argued that demands made by the Director of Intelligence would seriously impair his ability to discharge his responsibilities for the nation's defense, especially in a war crisis.

Top Pentagon officials say that the President's executive order gives Turner much but by no means all the authority he sought. Carter himself spelled out this definition of the expanded role of the intelligence boss.

Admiral Turner will be responsible for tasking or assigning tasks to all those who collect intelligence. He will also have full control of the intelligence budget and will also be responsible for analysis of information that does come in from all sources in the foreign intelligence field."

That seems close to the job description of an intelligence czar. But Pentagon officials say that is not how they interpret the executive order reorganizing the system. They predict a continuing battle if Turner attempts to take over functions that Defense Secretary Brown deems indispensable. [E]



Carter's man at the CIA is under fire for purging the "dirty-tricks department" and reforming the whole spy system. Here he explains what he is doing—and why.

Q. Admiral Turner, how do you answer the charges that you're emasculating intelligence operations overseas by getting rid of 820 officials in the clandestine services?

A. We are not putting the clandestine service overseas. We are not emasculating its capability to collect intelligence for us.

The 820 cut is coming out of the headquarters. Reducing overhead and reducing unnecessary supervision of the people in the field will, in fact, have the reverse impact: It will increase productivity overseas.

Q. If you're merely getting rid of superfluous overhead, why have the clandestine services become so bloated?

A. Because the mission of intelligence in this country has changed over the last 30 years, we have to adapt to the change.

Thirty years ago, we were interested primarily in collecting intelligence about the Soviet Union, its satellites and the few countries around the world where they were trying to establish a position. Today, we're interested in intelligence in a wide variety of countries.

Also, for most of the past 30 years, the Central Intelligence Agency was called upon by the nation not only to tell what was going on overseas but to help influence events—for example, in Guatemala, Iran, Cuba, Vietnam, Angola.

Today, we don't think that kind of

CIA's Turner Strikes Back

EXCLUSIVE INTERVIEW WITH U.S. INTELLIGENCE CHIEF

Adm. Stansfield Turner, 54, an Annapolis classmate of President Carter, left as commander in chief of NATO forces in Southern Europe to take over the crisis-ridden CIA in February, 1977. A graduate of Amherst College and a Rhodes Scholar at Oxford University, Turner headed the Naval War College from 1972 to 1974, after commanding a carrier task force.

interference in other people's governments—political action—is as useful a tool for this country. We're not eschewing it completely, but we're downplaying it.

These changes require a shift in the way the operations of the directorate of operations is organized and run. I believe that we needed to reduce the size of that organization—and I find nobody out here who's informed who disputes the fact.

Q Are you "going overboard" in your reliance on technology rather than traditional spying to do the job, as some critics have complained?

A Quite the reverse. Everything I am doing is designed to emphasize improved human intelligence collection.

One of the things that I have done in the past year is to stimulate increased interest and attention on the part of the top policy makers in the Government in what human intelligence collection can do for them. And they're giving us lots of support in that direction, and more guidance as to what they want.

That's what helps to make good clandestine intelligence collection. You want to collect what people need, not what you think is important.

Now, the advent of new technological means of collecting intelligence is one of the factors that is creating change in the process of intelligence in a very substantial way. The trouble is that, in a general sense, technical intelligence tells you what happened yesterday.

Ever since the Battle of Jericho in Biblical times, the human intelligence agent has helped you to find out what's likely to happen tomorrow. I find that the more technical intelligence data I give to the policy makers, the more often they ask me what is going to happen tomorrow—the intentions of the

other side. And I must turn to the human intelligence people of the CIA for those answers.

So, contrary to the implication of your question, the advent of better technical collection has led to greater demands for the kind of collection which is done by the human intelligence element.

Q What about the allegations that you are destroying morale in the CIA by getting rid of so many people in such an abrupt manner?

A There have been lots of complaints because nobody likes to be asked to leave.

My measure of basic morale, however, is that I see no drop in the dedication, in the quality of the work of these employees. They're a most dedicated, capable lot of people. I have not seen a drop in the quality of the work. When you make as many changes as I believe are necessary in our over-all intelligence operations today to adapt to the times—to modernize—you're bound to have grumbling.

I am totally convinced that there is wide consensus in the Central Intelligence Agency that these changes are generally needed. I don't say that everybody agrees on the exact form and the exact timing and so on, but the idea that we must move forward into a new concept, a new age of intelligence, is universally accepted.

Q But aren't spies and people operating undercover abroad a special breed who require special handling?

A They certainly do. They're a wonderful group. But we must have a new and modern personnel-management system here—and this reduction is part of a move in that direction. Very frankly, it's long overdue.

We have not in the past planned a career progression to insure that we will have new blood coming in to replace these dedicated, marvelous people who are leaving. We had a wonderful influx in the late '40s and early '50s of most-capable, dedicated people. Two things are different today:

First, these people have gone through the system, and we've not programmed their replacements.

Secondly, they came into the Agency in a period of cold war—a period of great dedication after World War II—and they were willing to sacrifice and work. Today I think you have to give better incentives, better rewards to

young people in their early 30s to get them to stay in this career. I am trying to remove enough at the top to create more opportunities so that there will be young people coming forward with adequate training and with an added incentive to make this a career.

I would rather have a short-term morale problem among these disaffected people whom we have had to ask to leave. I'd rather have them disgruntled for a very short period of time than I would to have a long-term, gnawing morale problem existing in the bowels of this organization, where the future lies.

Q Are you at all concerned about the possibility of any of these disaffected people compromising the CIA—or even engaging in work with hostile groups?

A I'm not at all concerned about these people who have been dismissed being traitors to their country. They're dedicated, loyal people who have served well for their country. Two thirds of them have served long enough to retire, and will be pensioned immediately upon leaving the Agency. I can't imagine those people being disloyal or subjecting themselves to the danger of conducting treason.

I am most disappointed, however, at the lack of professionalism that some of them have shown by going to the media with their personal complaint against me and against the fact that I have had to bite what is a difficult and unpleasant bullet in carrying through a retrenchment. That is unprofessional, and it reflects the worst fears of the American public about the Central Intelligence Agency—namely, that its operators will not respond to duly constituted authority.

And I am pleased that, if we had people like that in the Agency, they are gone, because I will not tolerate people who will not follow the duly constituted leadership. This organization must be under full control at all times. Before this planned reduction, I fired five people because they were not under control. The minute I found out about it, they went out the door. There's no mincing words on that one with me.

Q As you see it, Admiral Turner, how does the reorganization announced by the White House on January 23 strengthen our intelligence system?

A It's a major step forward for the country. It emphasizes that the policy

makers must get involved with the intelligence process in terms of setting the priorities for what we should do.

Beyond that, it gives to the Director of Central Intelligence enhanced authorities to insure the adequate co-ordination of the entire intelligence apparatus of the country, because there are a number of agencies and quite a few people involved. Particularly with the changes in the ways we collect intelligence today, there is a great need for better co-operation.

Under this new executive order, I will be permitted to task all the intelligence-collection agencies of the Government that are funded in the national-intelligence budget. This will exclude intelligence activities funded in the defense budget—such as an Army lookout on a hill, or a tactical airplane, or something like that.

Secondly, I am given authority to put together and present to the President the single national-intelligence budget and to make the recommendations to the President on what we should be buying, how many people we should have, how much operating funds that we need for the entire intelligence community.

I think that this new authority will still leave independence where it's needed within the intelligence community, but provide centralized control where it's been lacking.

Q. Under the reorganization, will you, in effect, become the "intelligence czar"?

A. As Director of Central Intelligence, I will have greater authority than that position has had before. At the same time, there are clear limits on that authority—particularly, there are limits over the interpretation of intelligence.

The last thing that any of us want is a single individual who can determine what the interpretation of the intelligence data is to be.

When it comes to interpretation of intelligence, the Defense Intelligence Agency and the State Department's Bureau of Intelligence and Research are quite independent of the Director of Central Intelligence. We meld interpretations together and see where we differ. But I have no authority to tell them how to interpret—how to analyze the information.

Q. What is being done to guard against the kinds of abuses by the intelligence community that have been so widely publicized in the past few years?

A. Well, I think abuses have existed but have been grossly exaggerated.

Over the last several years, we have established in this country some very fine controls. They amount to what I call "surrogate public oversight." The problem is that the public cannot over-



Admiral Turner listens as President Carter announces an executive order that expands the CIA Director's control over foreign-intelligence operations.

see the intelligence agencies as it does the Department of Agriculture or the Department of Commerce or other agencies that work in a more or less unclassified atmosphere.

So, instead, we have oversight in the executive branch by the President and the Vice President and by the National Security Council, which, under the new executive order, has certain oversight responsibilities—for instance, preparing an annual report on how we're doing and what we're doing.

Then there is the Intelligence Oversight Board—three distinguished American citizens—appointed by the President to look into the legality and the propriety of our intelligence activities and to report directly to the President.

Outside the executive branch, we have the oversight of two committees of the Congress dedicated just to intelligence. They're a big help to us. They keep us sort of in tune with the American public. I think that's where the intelligence community has gone astray before: They were a little bit too isolated. Going up and testifying in Capitol Hill regularly keeps you from being isolated.

Q. Can you run an effective intelligence organization when you must tell so much to congressional committees?

A. Yes, I believe we can.

The committees have shown a tremendous sense of responsibility—a tremendous sense of restraint—in not getting into such operational detail that would endanger lives of people or the ways we do things, but still getting into adequate detail to conduct the kind of oversight that they need.

The next year or so will be very important as we and the Congress work out the next step in this process after the executive order—that is, legislative

charters establishing statutory controls over our activities. The degree of detail in those charters will be very important to our future.

I anticipate a spirited but friendly and co-operative debate with the Congress over the next few months in just how those charters are drafted.

Q. Admiral Turner, given the enormous amount of money that this country pours into intelligence activities, why did the CIA underestimate the Soviet grain crop by such a wide margin?

A. First of all, we're not perfect, and we're not Avis—we're No. 1, but we're still trying hard.

It is not unusual for the Department of Agriculture to miss the long-range forecasts of the American grain crop by 5 per cent. We missed the Soviet crop by 10 per cent. Because of reasons of classification, I can't tell you all the reasons we missed it by 10 per cent.

But I can assure you that getting detailed information in a country that hides something that is really of global importance and impact—as the Soviet grain crop is—is not easy. It is particularly difficult when, in the last month of the season, they had a very bad weather situation there, which we think is largely what tipped the difference.

Let me say, though, that we did predict that the Soviets were buying grain and would continue to buy grain, and as a result, the market did not jump markedly or significantly after the announcement was made of what their harvest was going to be. So we think we did serve the American public even though our prediction was wrong.

We'll always nuss one here or there. If those are the worst that we missed, I'm reasonably happy. But I don't want to say that I'm happy that we didn't do well on this. We are certainly going to try harder and harder.

We've Been Asked

Dangers of "Space Junk"

A space accident involving a Russian satellite powered by a nuclear reactor has triggered world-wide concern about a possible atomic disaster. The Soviet satellite went out of control and re-entered the Earth's atmosphere over Northern Canada on January 24. Are there more of these nuclear devices still in orbit that could crash to Earth?

Yes, a few. The Soviets are believed to have put 16 such satellites into orbit, the first in 1967. Most were designed to operate for about two months, but some last years longer and are still in orbit. Each contains some 110 pounds of uranium. At the end of its useful life, each is programmed to kick the nuclear power plant into a high orbit to prevent it from re-entering the Earth for 500 to 1,000 years. It was because the last one, Cosmos 954—a model of which is shown on this page—failed to respond to that order that it returned to Earth after four months in orbit.

Just what are the Soviet satellites doing up there, and why do they need nuclear power plants anyway?

Intelligence sources say they were designed to track the U.S. naval fleet, possibly including U.S. nuclear submarines cruising underwater. To do this, the Russians use a powerful radar device driven by a uranium-generated nuclear engine.

Does the U.S. have any such satellites in orbit now?

This country has nine satellites in orbit with nuclear power systems aboard. One, launched in 1965, carries uranium like the Soviet models, the others plutonium.

Is there any possibility of a nuclear explosion if any of these devices survived a crash to Earth?

Pentagon officials say "there would be no way for a nuclear detonation to occur" if the device struck Earth. The real danger, if any, would be of radioactive contamination that might be released during the re-entry or after a crash.

What is the danger from radioactivity in that event?

This is still unclear. The Russians discount such a danger, saying each satellite has a self-destruct mechanism aboard and that the reactor

would burn up completely during the re-entry. A report that a Canadian search aircraft had detected evidence of "extremely dangerous" radiation levels—raising fears that the Russian satellite's nuclear reactor, in fact, had survived—turned out to be false. Canada's Defense Minister Robert F. Mulroney announced on January 27 that the erroneous report stemmed from "fault or aberration" in the plane's sensor.

Isn't there lots of other junk now flying around in space?

Indeed there is. Since the beginning of the space age, 10,500 objects have been put into orbit around the Earth by humans. Of that number, the experts say about 6,000 have decayed and fallen out of orbit, most of them burning up as they pass through the atmosphere. But about 4,500 are still in Earth orbit.

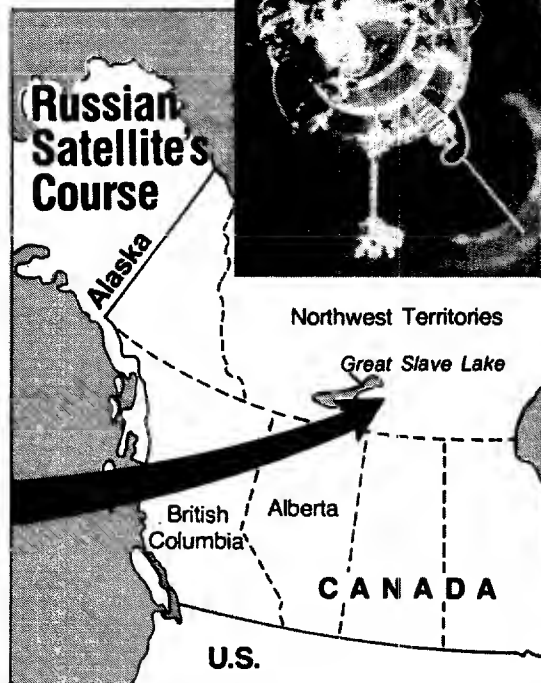
Who put all the objects up there and what do they consist of?

The U.S. has 2,900 objects in Earth orbit now, Russia 1,450, France 80, Japan 26 and mainland China 20. Most of them are tiny, while some, such as booster rockets disengaged from spacecraft or satellites, are substantially larger, although officials say they pose no navigational hazards.

Why do some of the devices put into space have to have nuclear power plants anyway? Isn't that illegal?

Nuclear power plants do not violate the international agreement on outer space. Only nuclear weapons do. Pressure is mounting, however, to ban all nuclear devices in space because of possible radiation hazards. The U.S., meanwhile, uses plutonium to fuel nearly all its deep-space missions. But for Earth-orbiting missions, the U.S. technicians normally use solar cells, drawing the energy needed from the sun's rays. These cells are cheaper and involve less hassle over the danger of radiation.

When will the U.S. next put up a nuclear-powered spacecraft?



The next one scheduled to carry a radiation package for fuel is to be the Jupiter probe, now set for 1982.

Is the U.S. doing anything to lessen the danger of contamination in case one of our nuclear packages malfunctions and crashes to Earth?

U.S. designers encase all of their "radioisotope thermoelectric generators" (RTG's), which are powered by Plutonium 238, in a graphite compound. This is supposed to resist the heat of re-entry and protect the machine even on ground impact.

Has a spacecraft with a nuclear power plant ever returned to Earth before?

Yes, there have been three cases. In 1964, a U.S. Navy navigational satellite failed to get into orbit and burned up on re-entry. Fragments of a plutonium device aboard fell into the Indian Ocean; no leakage was found. In 1968, a Nimbus weather satellite was aborted soon after being launched and dropped into the sea off Santa Barbara, Calif. In that case, the nuclear reactor was retrieved by a small submarine and found intact. Later, during the near-tragic Apollo 13 mission in 1970, an RTG unit aboard was jettisoned deliberately and plunged into the South Pacific with no evidence of leakage.

People of the Week®

Senator Muriel: Following in a Tradition

Hubert Humphrey's widow is far from the first—or the last—person to be lured into the hurly-burly of politics by family ties.

Muriel Humphrey's appointment to her late husband's U.S. Senate seat is only the latest reminder that American politics is often a family affair.

From the days of the Adamses to those of the Roosevelts, Tafts and Kennedys, political offices have gone from one member of a family to another.

By and large, Americans have tolerated such political dynasties, despite the strong prejudices their colonial ancestors held against anything that smacked of hereditary privilege.

When Mrs. Humphrey fills Hubert H. Humphrey's seat, she will become the twelfth woman in history to serve in the Senate, and the fifth to take a seat previously held by her husband.

Before the appointment was announced by Minnesota's Governor Rudy Perpich on January 25, most Minnesota politicians took it for granted that the 65-year-old widow would be a caretaker Senator who would retire when her interim term ends in November. But Mrs. Humphrey has declined for now to rule out running for reelection at that time for the remaining four years of her husband's term.

On their own. There is precedent for their course of action. Of the three women previously appointed to replace their husbands in the Senate, two refused to run in the next election. But Hattie W. Caraway of Arkansas, appointed in 1931 to succeed her late husband Thaddeus, won election and served in the Senate 13 years.

Maurine Neuberger of Oregon was elected in 1960 to serve in the unexpired portion of her late husband Richard P.'s Senate term. She won a new six-year term and served until 1967.

Margaret Chase Smith of Maine was elected to the House of Representatives in 1940 to take the place of her husband. She served four terms in the House and four terms in the Senate before being defeated in 1972.

The widows of politicians who plunge into politics have been outnumbered by politicians'



Muriel Humphrey is taking over the seat her late husband held in the U.S. Senate.

sons. This year is no exception. As Muriel Humphrey prepares herself for service in the Senate, her 35-year-old son, Hubert H. Humphrey III, is seeking the Democratic nomination for a Minnesota seat in the U.S. House of Representatives. "Skip" Humphrey's main opponent is Michael Freeman, the 39-year-old son of Orville Freeman, former Minnesota Governor and U.S. Secretary of Agriculture.

A mother-son combination in Congress is by no means unprecedented. In the 1950s and 1960s, neighboring House districts in the Cleveland, Ohio, area elected Mrs. Frances P. Bolton and her son Oliver. Mrs. Bolton was

served almost 30 years, had succeeded her husband.

A southern California House district continues to elect Barry Goldwater, Jr., while Arizona keeps his father in the Senate.

All in all, four Senators and nine members of the House are the sons of former Senators or Representatives.

The most varied political heritage probably belongs to Howard H. Baker, Jr., of Tennessee, Senate Republican Leader. Both his stepmother and father served in Congress. His wife is the daughter of the late Senator Everett Dirksen, one of Baker's predecessors as Republican Leader. The longest heritage may be that of Representative Hamilton Fish, Jr. (Rep.), of New York. Fish's father, grandfather and great-grandfather all were in Congress, a succession going back to 1850, when the first Hamilton Fish entered the Senate.

Sometimes family ambitions follow the statehouse route. Nelson Rockefeller was Governor of New York before becoming Vice President, while his brother Winthrop was Governor of Arkansas. Nelson's nephew Jay, a Democrat, is Governor of West Virginia and is believed to share his uncle's presidential aims. Jerry Brown became Governor of California in 1974, eight years after his father, Edmund G. "Pat" Brown, left the Sacramento statehouse. The younger Brown, too, has shown presidential ambitions.

The Kennedys of Massachusetts, the best known of the present-day political dynasties, may soon be launching a new generation. Joseph P. Kennedy, the 25-year-old son of the late Robert Kennedy, is frequently mentioned as a candidate for office in Massachusetts.

Other political families have been in the limelight for a time and then faded. The Roosevelts are one example. Both Theodore Roosevelt and Franklin, his fifth cousin, made it to the White House. Yet none of the three or Franklin Roosevelt's sons who tried their hands at politics had more than a brief career.

In U.S. politics, clearly, bloodlines can help smooth the way. But they are far from a guarantee of success.



POLITICIANS' SONS. Orville Freeman's son Michael, left, and Hubert Humphrey's son "Skip" are rivals for a House seat.

U.S. Business

TRENDS THAT SHAPE THE FUTURE

2300 N Street, N.W.
Washington, D.C. 20037

From the President's top economists comes this explanation of why they expect the economy to grow 4.7 per cent in 1978, after subtracting inflation--

Consumers will start out tightfisted but spend more freely late in the year after the proposed tax cut takes effect. In all, personal consumption will grow 4.5 per cent in "real" terms, the Council of Economic Advisers says.

Producers of durable goods will see demand growing less rapidly than it did last year. Demand for nondurables is expected to spurt.

Housing starts will stay at high levels. Fewer single-family homes will be built as the year progresses, but sharp gains are seen for sales of mobile homes and for improvements to existing houses.

Capital spending will remain relatively weak. Inventory investment will swing upward in the first half of '78, then flatten out.

Federal purchases will increase 16 per cent. Spending by States and localities will speed up, especially in the first half of the year.

Exports, after discounting for inflation, will rise 4 to 5 per cent.

Imports, including foreign oil, will grow less than they did last year.

What will all of that mean in terms of inflation and jobs?

Prices, the Administration's analysts conclude, are set to climb at a rate of 6 per cent or more. But they could rise less, the Council says, if the President's program of voluntary restraints on wages and prices works.

New jobs are figured at 2.75 million. Unemployment will fall from 6.4 per cent last December to 6-6.25 in the fourth quarter of 1978.

The auto industry casts some doubt on the Council's predictions. Sales have disappointed car-makers ever since the 1978 models went into showrooms. U.S.-made autos sold at an annual clip of less than 8 million units in the first 20 days of January, worse than at any time last year.

Why? Unusually heavy snows are stalling many buyers, a problem that will disappear with better weather. But there are other factors:

Many consumers are balking at higher prices. Others are upset by the styling of some models. The plethora of new names is confusing.

Suffering some of the sharpest sales setbacks are General Motors' new intermediate-length cars, higher in price than last year but smaller in size. Sales trail the 1977 models they replaced by almost 13 per cent.

Manufacturers are shutting plants to keep new cars from backing up at factories and dealers' lots. Further cutbacks are sure unless sales pick up.

Dealers are making a big effort to attract more buyers. Some are opening
(over)

service departments on Sundays. Some offer to give customers shares of stock in the manufacturer. Chrysler tries to capitalize on bad weather, claiming better handling in snow for the Dodge Omni and Plymouth Horizon. They're the only U.S.-made subcompacts with front-wheel drive.

Though the auto makers stick with earlier predictions that 1978 will be as good as 1977 or better, doubts are growing. A slump in autos would increase the risk of slower economic growth this year.

Most reports on the broad economy still signal continued expansion--factory orders for durable goods increased 5.5 per cent in December. Bookings for nondefense capital goods leaped 9.8 per cent.

Companies that process and distribute metals for use by manufacturers are optimistic. Fewer are worried about having too much inventory, according to a monthly survey by the Steel Service Center Institute.

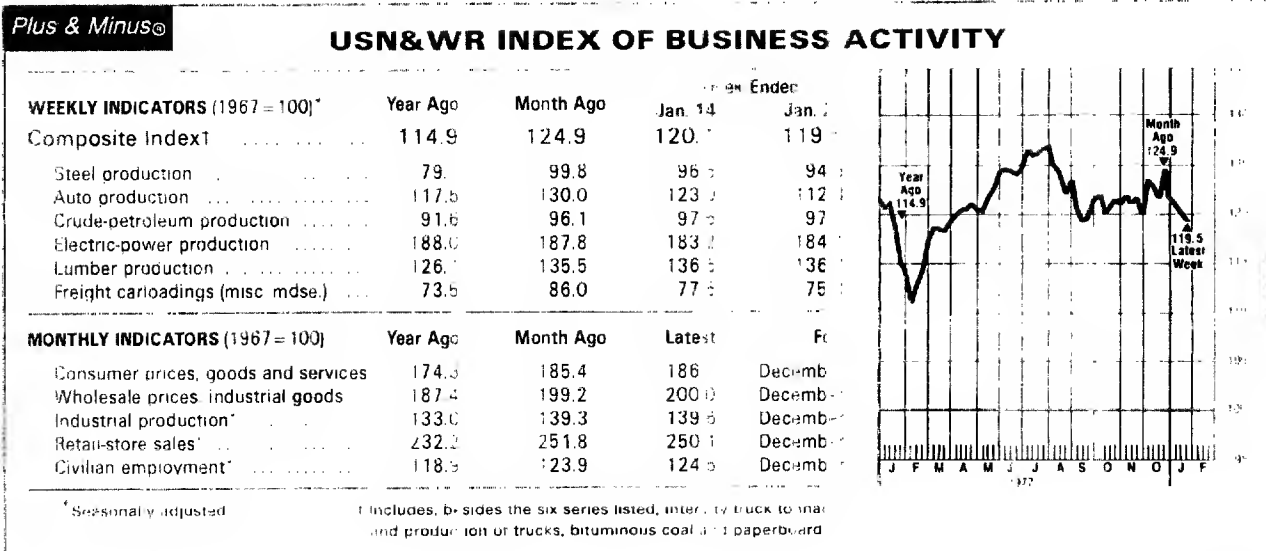
More than 2.1 million major appliances were shipped from factories in December. That's 10.7 per cent ahead of a year earlier.

But the problem that rankles most business executives is rising costs, and on that score the latest indicators are not encouraging.

Productivity--output per man-hour--increased at a rate of only 1.4 per cent a year in the fourth quarter, compared with 5.4 in the previous three months, and unit-labor costs went up at a rate of 5.5 per cent a year. The rise in costs was only 2.9 per cent in the preceding quarter. This trend makes it hard for business to boost prices less this year, as the President asked.

Economic growth in the U.S., despite its problems, will be more rapid than in other major countries over the next several years. That, at least, is what many businessmen abroad are betting on. Foreign firms announced 274 investments in U.S. manufacturing in 1977, the most for any year since the Conference Board began compiling these figures in 1968.

Our index of business activity slipped again in the latest week.



Mounting Clamor For Trade Barriers

Chances of speeding the economic recovery by expanding world trade are in danger. All around the globe, freshly raised obstacles confront producers, importers.

All over the world, governments in industrial nations are coming under increasing pressure from industry and labor to limit imports.

While no one is predicting a trade war any time soon, the cries for protection from foreign competition are leading to more and more restrictions—and resentment in the countries at which the curbs are aimed.

Pressures of this kind are always strong whenever business is sagging or growing too slowly to keep unemployment down. Today, in the industrialized nations, there are about 15 million people looking for work—more than 6 million in the United States alone. As the number rises abroad, so do the trade walls.

Setting limits. Quotas are being imposed on imports of many products. Competing countries are being pressured into agreements to limit export sales in key areas, including Western Europe and the United States. Some tariffs are being raised. Subsidies are paid in a number of nations, notably in Britain and Sweden, to help domestic

industries win contracts that otherwise would go to foreign competitors.

In Geneva, Switzerland, the staff that monitors the General Agreement on Tariffs and Trade, the international bylaws adopted by most non-Communist nations, says that fully 40 per cent of the world's trade now is categorized as "nonliberal," meaning that it is subject to controls. In the past two years alone, new restrictions have been imposed on 5 per cent of world trade.

Economists fear this kind of protectionist activity may get out of hand and hamper the growth of trade and the farms and businesses that are dependent on it. That, in turn, could further slow global economic growth.

From *U.S. News & World Report* bureaus around the world, this size-up of protectionist measures and actions:

UNITED STATES

With the agreement he has worked out with Japan, Robert Strauss, America's chief trade negotiator, may have helped to defuse a protectionist time bomb in the U.S., at least for now.

Strauss got Japan to promise to take concrete steps that will reduce the huge trade surplus—estimated at more than 8 billion dollars last year—it is running with the United States. Japan will lower some tariffs and allow much larger imports of American beef, citrus juices and other products.

Reaction to the agreement in the United States, so far, has been mixed. No one is completely satisfied with the pact, but there is fairly general accord that it goes just far enough to keep the protectionist forces in Congress at bay for a while.

The United States, like most other nations, already restricts imports of some products.

In the past year, the American Government has forced the Japanese to reduce shipments of television sets and shoes to the United States. It also has proposed a new pricing system that will impose stiff duties on Japanese and European steel if it is sold in this country at prices too far below those set by American mills.

Gentlemen's agreements reached earlier with exporting nations cover, among other things, specialty steels and textiles.

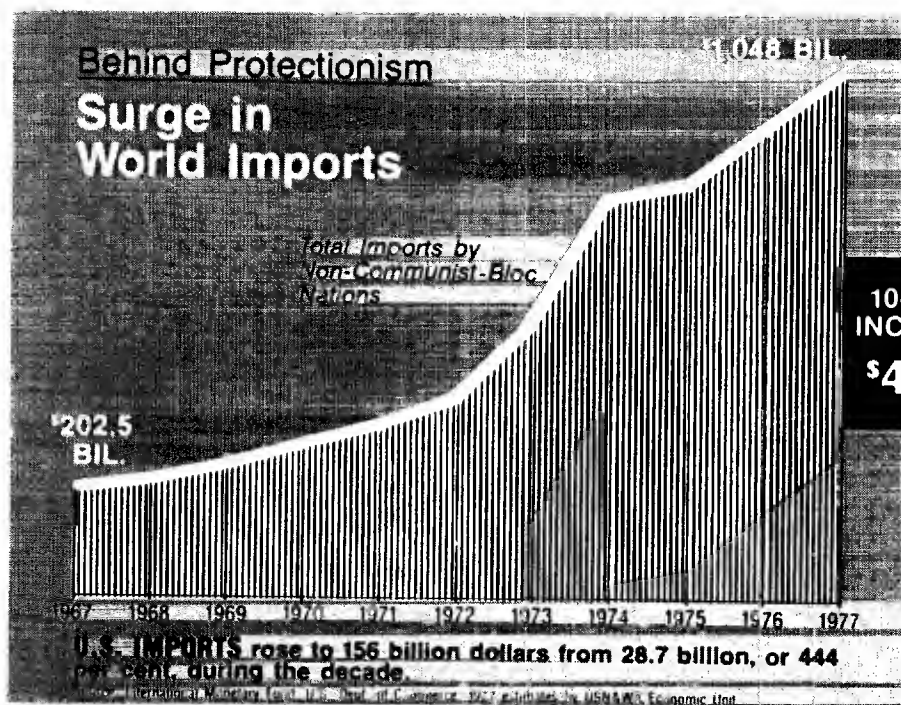
Pressure on Congress. In spite of the Strauss agreement, experts believe that Congress, reacting to voter demands, may push for further restrictions that would affect trade with other countries, as well as Japan, if U.S. workers continue to lose jobs to imports.

Discontent is growing among labor unions, hard-pressed business executives, and members of Congress. Actions initiated by industry and labor to curb imports have increased sharply. For example, the number of formal complaints filed against foreign companies for alleged dumping—sale of foreign products in the U.S. at prices that were either below cost or below prices charged in the home market—increased from 12 during 1976 to 18 in 1977, a 50 per cent rise.

Steel from Japan, France, Italy and Britain is a favorite target of these complaints. But charges also have been filed against foreign companies selling hockey sticks, motorcycles, cement, inedible gelatin, polyvinyl plastic film and animal glue.

Zinc producers have asked the U.S. International Trade Commission to rule that imports are damaging their industry and should be discouraged through higher tariffs. Copper companies are planning similar action.

Under constituent pressure, lawmakers have introduced many bills to curb imports or otherwise hobble trade. Ad-



How Nations Protect Their Industries—Key Examples

United States

Specialty steel. Imports limited by quota to 131,500 tons in the year ending June, 1978.

Color television. Gentlemen's agreements with Japan and other countries hold imports to 1.75 million units a year.

Shoes. Quotas limit imports from Taiwan and Korea to 155 million pairs.

Textiles. Protected by some of the highest tariffs in the world, also quotas.

Across the board. A buy-American law says that federal agencies are not, as a rule, to purchase foreign products unless they are 40 per cent cheaper than domestic items.

Canada

Shoes. Imports limited to 32.5 million pairs a year.

Clothing. Quota of 185 million items annually from all sources.

Great Britain

Television sets. South Korean imports limited to 35,000 a year.

Clothing. Quotas on cheap shirts, blouses and jackets from Asia. Example: last year, 1.4 million shirts from Thailand, 610,000 T shirts from India, 384,000 suits from Rumania, 400,000 boys' jackets from Macao.

Autos. Gentlemen's agreement with Japan says that country will have no more than 10 per cent of the British market.

France

Autos. Japanese autos to account for no more 3 per cent of the market.

Clothing. Limits on cotton textiles from India and on variety of clothing from countries all over the world.

Italy

Motorcycles. Imports from Japan limited to 16,000 units in 1977.

Electrical goods. Quotas on imports from Japan.

Australia

Apparel. Import quotas for clothing, textiles, also footwear.

Administration officials and congressional aides say there is little chance these bills will get serious attention in the near future. They are regarded chiefly as a threat to be carried out if the administration does not act promptly on complaints filed with the Treasury and the Trade Commission.

But congressional experts believe that the situation could change if more jobs are lost or more industries suffer as a result of import competition. Representative Charles A. Vanik (Dem. of Ohio, chairman of the subcommittee under the House Ways and Means Committee that deals with trade problems, notes that last year his group came within one vote of reporting out a bill that would have set limits on the importation of hand tools.

What Vanik and others fear is that if such a bill ever hits the floor of the House, it will be broadened to cover a host of products.

EUROPE

Protectionist pressures have been rising in Britain and on the Continent during the past two years. The economic recovery has slowed, and the number of unemployed rises steadily. Many industries face stiffer competition from low-cost producers in the less-developed nations and Japan.

One way or another, the Europeans now protect a growing number of high-cost industries, including steel, ball bearings, textiles, clothing, footwear, consumer electronics and cars.

Deals have been worked out with 32 textile-supplying nations to limit the increase in imports into the European Economic Community to less than 4 per cent a year. That would be a drastic reduction from the 20 per cent growth rate since 1973.

The nine nations of the Common Market also have announced a scheme to limit steel imports. Although similar on the surface to the program devised by the Carter Administration, the Common Market plan, according to U.S. trade officials, is much tougher, and, in effect, could lead to quotas.

Even before devising the plan, the Common Market got Japan to agree that there will be no increase in sales of Japanese steel in Europe this year.

The Common Market also is pressuring Japan to limit exports of a wide variety of other products. And several European nations are moving individually to stem the Japanese tide.

Britain, for example, is asking Tokyo not to supply more than 10 per cent of the British market for automobiles. France limits the Japanese to 3 per cent of its car market. Italy restricts imports of Japanese motorcycles.

Agriculture in Europe always has been protected through import levies, quotas and subsidies to keep farm income roughly in line with urban income and foster self-sufficiency. The Common Market's tariffs on farm products often amount to a virtual embargo on a particular item.

Gaining the advantage. Protectionism of another sort is increasing as governments step up direct aid to ailing industries. In Sweden, well over 6 billion dollars has been made available to help shipyards and producers of steel, textiles, footwear and other manufactures and prevent bankruptcies and massive layoffs.

The effect of this aid is to make it possible for the sheltered industries to operate below cost. This gives them a distinct advantage in bidding against foreign competitors.

JAPAN

The primary target of protectionist moves in many countries, Japan itself is a highly protected market.

The Japanese use two main weapons to limit imports they do not want: import quotas and nontariff barriers. Tariffs, while they are imposed on many products, are less important.

There are 15 different categories of commodities, mostly agricultural, that are subject to import quotas when shipped to Japan. Among the items on this protected list are several types of meat, milk, cheese and other dairy products, fresh and canned fruits and vegetables and peanuts. Some of the quotas are so small that they keep out almost all imports of a product.

Greatest frustration. The so-called nontariff barriers in Japan are what vex American and other foreign businessmen the most. Exporters anxious to sell to Japan complain of having to penetrate import procedures that involve at least 10 separate steps. A year may elapse between the application for an import license and final inspection of the goods on Yokohama's docks.

James Wallace of this magazine's Tokyo bureau cabled this description of how the Japanese bureaucrats work:

"If you happen to be down at the docks where Mercedes-Benz autos are being inspected, you will see Japanese officials going over every square inch of paint work, making dozens of circles and check marks with chalk. What are they doing? Marking 'imperfections' in the paint job that some authorities consider the most meticulously finished in the world. Every imperfection must be repainted. It sometimes amounts to a complete paint job for the car before it can be released for export.

"Japanese officials do not spot-check

imports. If there are 1,000 cases of canned corn in a shipment, every case will be opened, every can in every case will be taken out. It is the consumer who pays for the costly delays."

What U.S. fears. U.S. officials worry that the rise in protectionist sentiment around the world may hurt chances of working out a comprehensive agreement for freer trade this year.

The United States and nearly a hundred other countries have been meeting in Geneva for more than three years in an attempt to lower barriers. In the last few months, all of the major participants—the U.S., Japan and the Common Market countries—have submitted detailed proposals for reducing tariffs and nontariff obstacles. They are hoping for a final agreement by the end of July.

But American negotiators fear that the talks will run into trouble, not over who will cut tariffs how much, a matter on which there is substantial agreement in principle, but over the use of subsidies. U.S. businessmen complain that practices that are common around the world—rebates of certain taxes on exports, special government aid to industries locating in depressed regions and government ownership of all or parts of industries that operate at losses—place American firms at a competitive disadvantage.

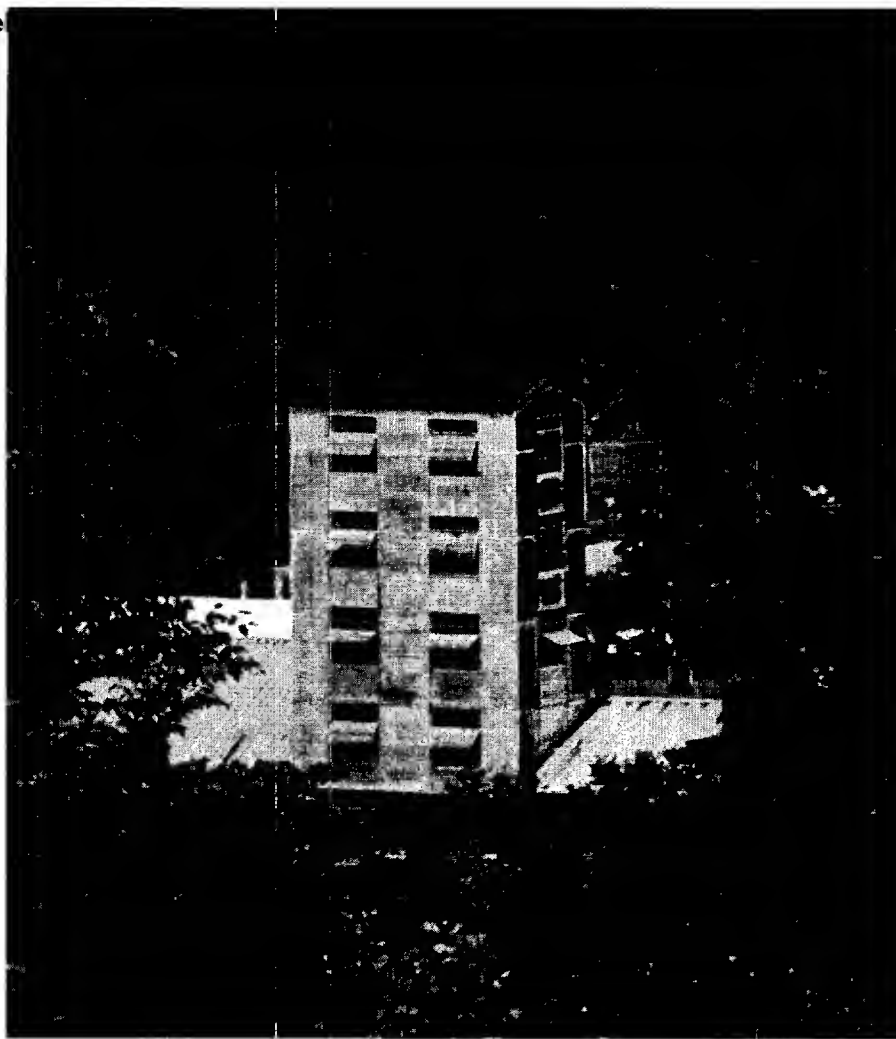
The U.S. wants firmer guidelines set for such practices and a mechanism for resolving disputes between countries when problems arise.

With unemployment already high in Europe, most governments there are loath to agree to anything that would reduce their ability to aid industry and keep their people employed.

If the Geneva talks end in failure, the tide of protectionism is likely to rise even higher in the future. □

"You don't need to worry—I'm not a threat."

BY HOWARD CHASE FOR THE NEW YORK TIMES



WE MAKE EVERY DROP of Jack Daniel's Whiskey in this old stillhouse all but buried in the Tennessee hills.

And we watch over it as carefully as Mr. Jack Daniel would have watched it when he worked here more than a century ago. You see, Mr. Jack said it was better to make a jugful of great whiskey than a barrelful of just good. We've always held to that old-fashioned notion. And, we believe, so have the folks who enjoy Jack Daniel's Tennessee Whiskey.



CHARCOAL
MELLOWED

DROP
BY DROP

Tennessee Whiskey • 90 Proof • Distilled and Bottled by Jack Daniel Distillery
Lem Motlow, Prop., Inc., Lynchburg (Pop. 361), Tennessee 37352

Placed in the National Register of Historic Places by the United States Government.

"Smoking. Here's what I'm doing about it."

"I like the taste of a good cigarette and I don't intend to settle for less. But like a lot of people I'm also aware of what's being said. And like a lot of people I began searching for a cigarette that could give me the taste I like with less tar.

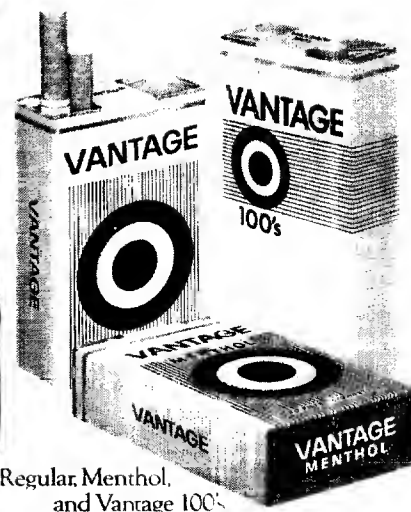
"I thought there would be a lot of brands to choose from. There were. Until I tasted them. Then I knew there was no choice at all. I either had to stay with my high-tar cigarettes. Or suck air.

"Then I found Vantage. It's everything the ads say it is. A cigarette that doesn't give you just a lot of promises. What it really gives is

a lot of taste. And with much less tar than what I'd smoked before.

"What am I doing about smoking? I'm smoking Vantage."

G. S. Cooper
G.S. Cooper
Edmonds, Washington



Regular Menthol,
and Vantage 100's

Vantage. A lot of taste without a lot of tar.

Warning: The Surgeon General Has Determined
That Cigarette Smoking Is Dangerous to Your Health.

FILTER: 11 mg. "tar", 0.7 mg. nicotine,
MENTHOL: 11 mg. "tar", 0.8 mg. nicotine, av. per cigarette, FTC Report AUG. '77;
FILTER 100's: 11 mg. "tar", 0.9 mg. nicotine av. per cigarette by FTC method.

Another Big Year In Housing Industry

Costs keep climbing; mortgage rates are up again and headed higher. Still, people are rushing to buy homes. From builders comes this view of future prospects.

DALLAS

More than ever, American families seem to be convinced that buying a house is their best investment in an economy beset with soaring prices and a slumping stock market.

That belief, voiced frequently by builders at their annual convention here, is the big reason why another good year is being forecast for the housing industry.

The likelihood that it will cost more in the months ahead to build a home or borrow the money to buy one makes only a slight dent in the estimates.

The interest rate on conventional mortgages, now about 9 per cent in most parts of the country, is likely to climb to 9.5, according to many bankers and economists. They figure that increase will discourage enough home hunters to keep housing starts from topping 1977's pace of nearly 2 million. But about 1.8 million to 1.9 million starts are forecast for this year—still a relatively high level of activity.

Many builders believe that a slightly lower production rate may be welcome because it will give them a breather to finish homes started in 1977 and reduce the pressure that has sent costs soaring. In the push to build a record 1.4 million single-family houses last year, prices for land, labor

and materials were driven up. As a result, the average price of a typical new single-family home jumped almost 13 per cent to about \$54,000 in 1977.

Construction of single-family dwellings is expected to drop to around 1.2 million this year, but apartment building will be on the upswing, benefiting from a fresh infusion of federal funds for subsidized units.

This relatively optimistic outlook comes at a time when deposits going into the nation's thrift institutions, the major source of credit for housing, are dropping. More people are putting idle funds into short-term Government securities in order to get better returns than they can earn on savings accounts.

But Jay Janis, Under Secretary of Housing and Urban Development and a former builder, insists that it is too early to "push the panic button" and assume the building industry will be starved for credit. "Thrift institutions are still loaded with funds," he says.

He feels that there is less risk of money rushing out of the savings institutions in large amounts than in previous periods of rising interest rates. Nowadays, more of the funds in the lending institutions are accounted for by certi-

ficates of deposit, and savers who hold these and decide to withdraw the money before the certificates mature lose some of the interest already earned.

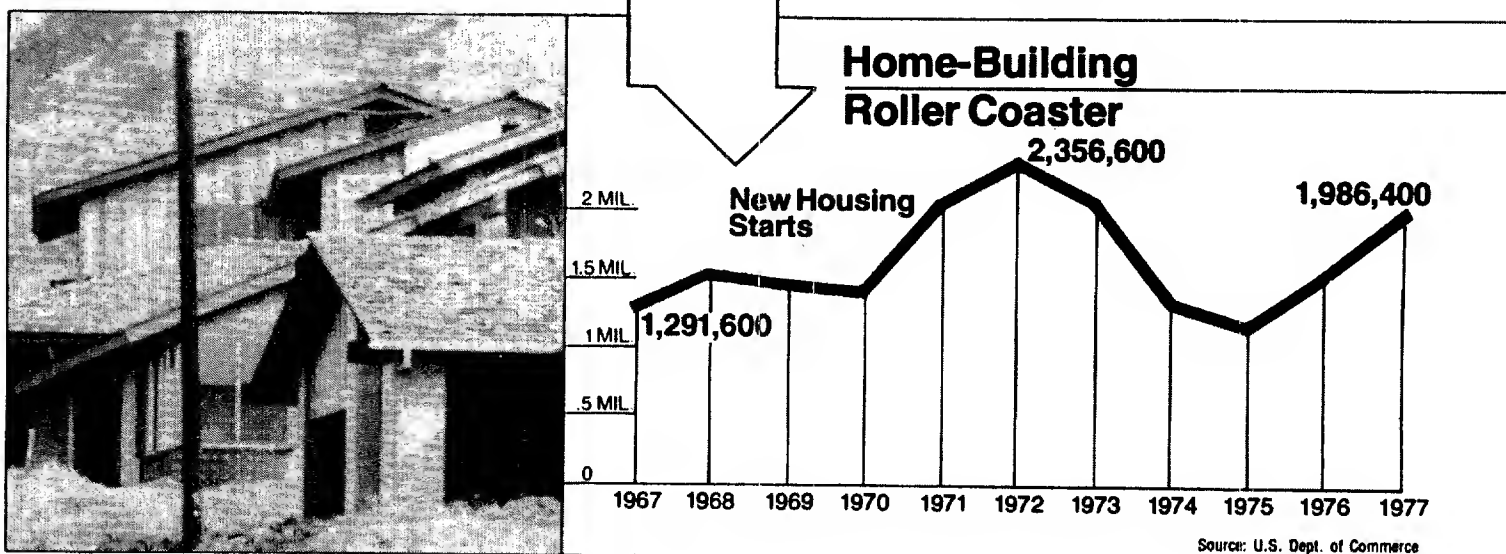
The experts do not expect many buyers to be put off by higher interest costs. Says a New York housing consultant, Len Santow, "Buying a home is increasingly seen as the best game in town in terms of investment opportunities. That's particularly true now that the stock market has turned sour."

Las Vegas builder Ernest Becker, the new president of the National Association of Home Builders, observes that last year's banner output resulted to a great extent from families that reaped big profits on the sale of older homes and rushed to reinvest in newer, more-expensive models. In addition, young working couples, who would have rented in past years, often combined their two incomes—and even overextended themselves, Becker says—to buy their first homes.

Fresh market. Single people, a negligible part of the home-buying scene years ago, also bought in great numbers last year and accounted for about 15 per cent of all sales. Washington marketing consultant Laurin Magee believes this new and growing class of buyers will prompt more builders to offer a special type of dwelling: a one or two-bedroom house with large areas for entertaining and hobbies.

Soaring costs are one of the big worries of the industry. Skilled labor is at a premium in many parts of the country, particularly in the South and West, where construction is strongest.

Gage Prichard, a Dallas builder, reports that labor costs for hanging dry-wall panels more than doubled during the past year. "Some of the large builders were going through the city with sound trucks, trying to lure dry-wall



Soaring Prices For New Houses

Average Price of New Houses Actually Sold

Northeast Up 52%

| | |
|-----------------|-----------------|
| | \$54,300 |
| \$35,700 | |
| Five Years Ago | Latest |

Midwest Up 70%

| | |
|-----------------|-----------------|
| | \$53,400 |
| \$31,400 | |
| Five Years Ago | Latest |

South Up 66%

| | |
|-----------------|-----------------|
| | \$47,200 |
| \$28,500 | |
| Five Years Ago | Latest |

West Up 97%

| | |
|-----------------|-----------------|
| | \$60,100 |
| \$30,500 | |
| Five Years Ago | Latest |

For all U.S., average prices rose 77 per cent—to \$54,000 from \$30,500—in the last five years.

Note: Prices for 1972 and average of first three quarters of 1977.

Source: U.S. Dept. of Commerce

installers with promise of still-higher wages," Pichard recalls.

Prices of materials, such as lumber, dry wall and insulation, also soared. Serious shortages cropped up, especially in insulation, which is expected to remain in short supply.

At a time when the builders were gobbling up large amounts, home owners in record num-

bers were adding insulation, hoping to qualify for the tax credit in the pending energy bill.

The promise of a tax credit of up to \$2,200 for installation of solar-heating systems, another feature of that legislation, is expected to boost demand for these products. One producer, Bill Phillips of American Heliothermal Corporation, expects to double sales of solar equipment this year.

Still, solar technology remains in an early stage of development. Arthur Johnson, director of energy conservation for the NAHB Research Foundation, warns consumers to be wary of the "big promises" made for the new solar products coming on the market.

For the builders, the big challenge this year will be to find ways to get around the skyrocketing price of land. James Nistler, a builder from Medford, Oreg., says the cost of an 8,000-square-foot lot in his community has risen from \$8,000 to \$13,000 in a year's time. That jump is mild compared with what is happening in California and other booming markets, where lots are becoming scarce because of heavy building and the long delays involved in local permits for development.

More developers this year will be building townhouses, condominiums and other high-density projects. The glut of unsold condominiums has been greatly reduced in most places, and predictions are that 300,000 of these units will be started or converted from rental apartments in 1978. Most of these projects will be small, low-rise structures, unlike the mammoth, high-rise condominiums that buyers passed over during the bust in 1974-75.

Another concept that more builders expect to try is the "zero lot line." This involves eliminating large side yards between single-family homes. Zero-lot-line models are separated by a very narrow space or are connected by a garage or storage room. They offer more privacy than townhouses as well as cost savings.

Builder David Riese of Coral Gables, Fla., figures he shaved \$10,000 off land costs for each home by going the zero-

lot-line route, enabling him to offer three and four-bedroom homes for less than \$45,000. "We're able to serve a market that most builders are neglecting," Riese says.

Leon Weiner, a Wilmington, Del., builder, says most new houses are being marketed for families with incomes of at least \$25,000 a year. Those earning less, he asserts, are not only being shut out of home buying but also are finding it tougher to rent apartments.

Last year, 534,000 new apartments were started, only half the number built in 1972. As a result, vacancy rates have plunged in many cities, and rents have increased 10 to 15 per cent. Even so, many builders contend it is not yet profitable to start new apartments.

"Rent increases are gobbled up by the rising cost of energy, insurance and maintenance," says apartment-builder Edward Pratt of Troy, Mich.

Help from U.S. All signs indicate that the Federal Government will be doing much more this year to stimulate construction of apartments and also for-sale houses. HUD Secretary Patricia Harris has set a goal of 181,000 federally assisted apartment starts for the current fiscal year ending next September 30, an increase of about 50 per cent over the previous year.

To meet that objective, HUD will make available 1.5 billion dollars to subsidize apartment mortgages at 7.5 per cent, about two percentage points below the going rate. This subsidy will be used on projects built for families who earn no more than 80 per cent of an area's median income.

Another half billion dollars is earmarked to subsidize mortgage rates on apartments to be built for middle-income families in urban areas.

There will be more Government aid for home buyers, too. HUD is trying to pump new life into its Section 235 program. On January 22, Secretary Harris announced that the interest on mortgages for that program will be lowered from 5 to 4 per cent. To be eligible, buyers can earn no more than 95 per cent of their area's median income.

Somewhat more-affluent families will find it easier to purchase a home, because the Federal Housing Administration has cut down-payment requirements and raised the size of mortgages it insures. In addition, more federal financing is to be provided to rehabilitate older homes and apartments.

With that help and with most people convinced that it's far better to buy than rent, builders see little reason to fear any significant decline in their industry in 1978. That should be good news to house hunters—and provide support for the whole economy. □

Labor

As the Coal Strike Starts to Hit Home—

Dwindling stockpiles of fuel for industry and a lack of benefit payments to miners are prodding unions and mine operators to end the walkout.

Pressures are mounting on miners and coal producers alike for a settlement of the longest nationwide coal strike since 1950.

In Washington, D.C., talks aimed at forging an agreement between the United Mine Workers and the Bituminous Coal Operators' Association on new contract terms twice seemed close to success, then fell apart—once in late December, and again in late January. The walkout, affecting all unionized mines in the East and several in the West, began last December 6.

Meanwhile, the impact of the strike, once almost imperceptible outside of mining towns, has begun to grow, reaching out to affect other Americans. In portions of the Midwest and in Appalachia, electric-utility companies by late January stood ready to cut power supplies to some customers in order to preserve dwindling stocks of coal.

"If the strike continues too much longer—into early February—we'll all be in a serious way," says an executive of Allegheny Power System, which serves portions of Pennsylvania, West Virginia, Ohio, Maryland and Virginia.

Mining companies are feeling the pinch, too. At a minimum, two months

of profitable coal production will have been forfeited before the miners go back to work. For the longer run, a protracted strike—on top of all the other labor-relations troubles of the coal industry—could stiffen resistance of some electric utilities to converting gas and oil-fired generators to coal.

Railroads and barge lines are hurting. Ohio River Company, a big hauler of coal, said the strike struck a staggering blow to its barge receipts. The two biggest coal-hauling railroads in the East, Norfolk & Western and the Chesapeake System, furloughed thousands of workers.

Burden on miners. To date, however, the burden of the strike has been felt most heavily by the 160,000 coal miners themselves. For lack of money, the United Mine Workers Health and Retirement Funds cut off medical benefits when the strike began, and suspended the pensions of most retired miners after the January checks went out. With the walkout about to enter its third month, union officials in coalfield communities reported an increasing number of inquiries from members faced with unhappy creditors.

The most severe impact may lie just



Kentucky State policeman arrests miner in confrontation outside nonunion mine.

ahead, for users of electricity. An electric utility entirely dependent upon union-produced Eastern coal still will need up to a month's supply of coal once a strike settlement is reached, because of the time that is needed to ratify the contract and to mine and ship new supplies hundreds of miles. Says a Department of Energy official: "We are getting near a crunch."

The crunch has already begun in Ohio. Of that State's eight large electric-utility companies, five may exhaust their coal supplies by late March, and one—Monongahela Power Company, a unit of Allegheny—figures it will run

In One Coal Community—"People Are Getting Alarmed"

CABIN CREEK, W.Va.

Despite numerous inconveniences, mine-working families in this coal-rich creek valley near Charleston have weathered almost two months of a national strike with little or no real suffering.

But worse times may lie ahead. Savings disappear with each passing day. Pensions of miners who retired before 1976 will be suspended starting in February because the union's pension fund covering such persons is out of cash. Creditors who have allowed one and even two months' bills to go unpaid may begin to balk.

Sacrifices now being made are nothing new.

Along Cabin Creek, lengthy strikes are almost as common as the chang-

ing of the seasons. In mid-1976, an unauthorized strike that eventually tied up more than one third of America's coal output started on Cabin Creek over an argument about bidding for a new job.

"Knew it was coming." What sets this strike apart from others the last few years is that it is officially sanctioned by the union—and one for which miners have been preparing for months.

"We all knew it was coming," says William Clifford Cline, a local-union president. "We had an opportunity to get all the overtime we wanted in the months before the strike, and didn't spend our money foolishly."

Adds another mine worker, Ray Dayton: "I had a little bit saved. It

won't last forever. Most of us tried to save, but it was hard with all the wildcat strikes going on."

State officials say that more than 30,000 of the State's 70,000 miners have applied for food stamps to help tide them over.

Many miners are paying bills with the wages earned by working wives, children or parents. Others have cut down on expenses by disconnecting telephones.

So far, the union's "relief committee" for southern West Virginia has had relatively few calls for assistance. But one of the committee officials, John Mendez, warns: "People are getting alarmed. They are getting bills, and follow-up bills, and wonder what lies ahead."

can completely by the end of February. Duquesne Light Company, serving Pittsburgh, may exhaust its coal reserves soon thereafter.

Ohio's Public Service Commission approved emergency plans for that State's utilities, including mandatory cutbacks of 25 to 50 per cent of electricity to big industrial users when a power company's stockpile reaches the 30-day level, and "rolling blackouts" when reserves fall to 20 days.

Attempts by several Ohio utilities to buy nonunion coal from suppliers have been to no avail. "We have told them we will receive any coal they can truck to us," said an official of Columbus & Southern Ohio Electric Company. "To date, we haven't received any."

Ohio Governor James A. Rhodes asked President Carter on January 23 to intervene to bring about a settlement of the dispute. But Carter and Labor Secretary Ray Marshall, acting on Marshall's belief that they could do little to aid the delicate negotiations and much to damage them, declined to step in.

Federal Government officials insist-

ed that no widespread electric-power crisis was imminent. As we go into February," said David Bardin, the Department of Energy's economic regulation administrator, "prudence requires that utilities begin to implement a series of programs, first for voluntary conservation and then, if need be, later in February, for mandatory measures."

In fact, much of the country is prepared to withstand a coal strike lasting into spring or even summer. Nationally, coal stockpiles of electric-utility producers were estimated by the Government at about 85 days, as of January 14. Power companies in the South reported larger-than-average stockpiles. Besides that, generating stations as far south as San Antonio and as far east as Indiana are still getting trainloads of coal from the West, where labor agreements already have been signed or do not come up for renegotiation until later dates.

In the Northeast, power companies still rely primarily on oil. Commonwealth Edison Company in Illinois is hoarding its supplies of Eastern-mined coal by relying as much as possible on

its nuclear-powered generating units, plus those fed with coal from the West.

Some utilities are resorting to what one industry executive calls "shipping coal by wire"—selling each other electricity via the extensive network that connects electric-utility companies on a regional basis. This technique could save large parts of the country from a total blackout if and when local utilities' coal reserves are used up. But it also reduces the amount of electricity available to an originating utility for its own customers.

As for nonunion coal companies in the East, their output has been spotty since the strike began. Caravan of UMW miners roaming through Ohio, Indiana, Illinois, Kentucky, Tennessee and Alabama discouraged nonunion firms from shipping coal. Truck drivers who did venture forth with nonunion coal were sometimes forced by strikers to dump their loads beside a road.

By the end of January, several big stumbling blocks to settlement of the strike appeared to have been surmounted. But a push to wrap up the negotiations fell apart in the early morning hours of January 24. One result may have been to undermine the union's chief negotiator, Washington attorney Harry Hoge, a special consultant to the UMW.

"Outline" argued. With the union's approval, Hoge met alone with several top-level officials of the coal industry on January 23 and came to agreement on what was described as the "outline" of an eventual settlement.

When the industry incorporated that "outline" into a complete proposal, UMW President Arnold Miller and his aides rejected it. As a reply, they resurrected a proposal of their own that industry bargainers say had been discussed previously. Industry negotiators then broke off the talks. A union spokesman said Hoge would "assume a different role" in the talks. Hoge claimed he would remain a negotiator.

Yet to be settled are such matters as how much additional money to pump into the ailing Health and Retirement Funds, and how to curb the waves of unauthorized strikes that cost the average UMW member about a month's wages in 1977. And, in late January, the UMW had not backed off from its demand that its locals be permitted to strike over grievances during the duration of a contract, rather than let an arbitrator settle the matter.

Whatever pact is eventually reached still must be ratified by rank-and-file miners—a no easy task in the UMW. Until then, the coal stockpiles outside scores of electric-power plants will grow smaller by the day. □

Labor Trends

Nepotism. Personnel practices favoring relatives of persons already on a company payroll can provoke difficult and exasperating problems for employers. Forty-one per cent of the personnel executives surveyed by the Bureau of National Affairs, Inc., reported difficulties arising from nepotism—such as pressures on supervisors to hire relatives of employees, favoritism in promotions and lower morale when relatives are disciplined. Sums up one executive: "The employment of relatives has caused problems at the interview stage, discipline stage and termination stage. Relatives are *never* treated fairly."

Union looks South. To the growing list of unions with stepped-up organizing operations in the South, add another name: the 30,000-member United Furniture Workers. Principal targets will be North Carolina's 600 or so furniture plants, most of which are unorganized.

Almost there. About 630,000 Americans now are employed in public-service jobs—fewer than 100,000 short of the Carter Administration's present goal.

Pension-fund payback. A North Carolina trucking firm has repaid 1.7 million dollars borrowed from its own employee pension fund. The repayment, by Thurston Motorlines, Inc., of Charlotte, N.C., was the result of a demand by the Labor Department, which said that the loan violated the fiduciary duties of pension-fund trustees.

Wage data. In the construction industry, collective bargaining takes place almost entirely on the local level, making it hard for employers in one part of the country to keep abreast of trends in other parts. Now one employer group, Contractors Mutual Association, has fed into a computer the terms of 3,000 such local collective-bargaining agreements covering nearly 2 million workers in 285 cities.

Florida sweepstakes. The American Federation of State, County and Municipal Employees has won election to bargain for 9,200 professional employees of the State of Florida. The AFSCME already bargains for 26,000 State workers in Florida and is seeking to represent 38,500 others.



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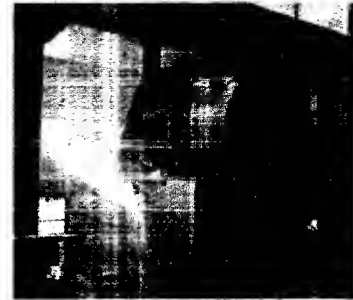
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A black and white photograph of a person wearing a checkered shirt and pants, sitting on a log and fishing with a rod and reel in a pond. The background shows some foliage.

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10 mg. "tar," 0.6 mg. nicotine av. per cigarette, FTC Report Aug. '77
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It used to be only high tar cigarettes could deliver rich satisfying tobacco flavor. Used to be — until MERIT.

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Many from brands they've enjoyed for years and years.

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Taste-tests among thousands of smokers show why.

Merit Matches Higher Tar Competition

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Cigarettes having up to 60% more tar!

Only one cigarette has "Enriched Flavor" tobacco. And you can taste it.

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Kings & 100's

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Retired people who still work part time might want to look into a change in the rules limiting income that can be earned by Social Security recipients.

NEW EARNING CEILINGS. You can now earn more money than in earlier years and still receive Social Security benefits under new rules taking effect in 1978. If you are between 65 and 71 years of age, you can have \$4,000 in earned income and not lose any benefits. The limit goes to \$4,500 next year and continues to rise until it reaches \$6,000 in 1982. If you're under 65, the maximum this year is \$3,240; it increases to \$4,200 in 1982. If you are 72 or older, there is no limit on what you can earn. In 1982, you won't have a limit if you are 70 or over.

End of monthly rule. Another change that will have a substantial impact is one that figures earned income on a yearly basis instead of on a month-to-month system. For example, under the old rule, you could elect not to receive any benefits for, say, four months while you worked and earned \$10,000. Then for the remaining eight months of the year, you could draw full benefits.

Difference now. Under the new rule, when you earn that \$10,000 any time over the year, you would lose \$1 in benefits for each \$2 over the \$4,000 ceiling. That would cost you \$3,000 in benefits. The earnings also would be subject to withholding for income tax and Social Security, adding another bite to your take-home pay.

Partners. A man and wife can both earn the maximum allowable amount if they work as legitimate partners in a small business or farm operation.

GASOLINE COSTS. When buying a car, either new or used, you need to have some idea of what the gasoline will cost to run it. This table, based on an average price of 66.4 cents a gallon for unleaded gas, might help:

| Annual Mileage | Miles Per Gallon | | | | | | |
|-------------------------|------------------|-------|-------|-------|-------|-------|-------|
| | 14 | 16 | 18 | 20 | 24 | 28 | 32 |
| Annual Cost of Gasoline | | | | | | | |
| 8,000 | \$379 | \$332 | \$295 | \$266 | \$221 | \$190 | \$166 |
| 10,000 | 474 | 415 | 369 | 332 | 277 | 237 | 208 |
| 12,000 | 569 | 498 | 443 | 398 | 332 | 285 | 249 |
| 15,000 | 711 | 623 | 553 | 498 | 415 | 356 | 311 |
| 20,000 | 949 | 830 | 738 | 664 | 553 | 474 | 415 |
| 25,000 | 1,186 | 1,038 | 922 | 830 | 692 | 593 | 519 |

CHILDHOOD IMMUNIZATION. Your children could be in danger if they haven't been immunized against seven serious diseases, warns the Public Health Service. Almost 40 per cent of American children under 15 have never had shots
(over)

For red measles, German measles, polio, mumps, diphtheria, whooping cough or tetanus. All but tetanus are highly contagious, and any outbreak could spread rapidly. For free information, write to "Immunization," Pueblo, Colo. 81009.

MORTGAGE TIPS. In thinking about buying a home you might want to consider some financial advantages available to you, as pointed out by Prof. E. Scott Maynes of Cornell University. He predicts that 6 per cent inflation will be around for the foreseeable future and that you will still be able to deduct mortgage interest and real-estate taxes from your Federal income tax. So, if your income keeps pace with inflation, in 12 years your mortgage dollar will take only half as big a share of your income as it did when you borrowed the money. In 25 years, it would take only one fourth as big a share.

BLOOD LABELING. Soon your doctor will be able to tell you something of the risk of hepatitis when you get a blood transfusion. Beginning May 15, all blood intended for transfusion must be labeled as coming from paid or volunteer donors. The Food and Drug Administration says blood from paid donors and commercial blood banks is three to 10 times more likely to cause hepatitis--a serious liver infection--than blood from volunteer donors. Up to 30,000 persons a year get hepatitis after a transfusion, the FDA estimates.

SOUTH AMERICAN TRAVEL. If you're planning a trip to South America, travel agents advise that you will have better luck with hotels and airlines if you wait until March or later. It's midsummer and peak travel time there now. If you do go, make sure all reservations are confirmed and that the people you need to see will be there. Be prepared for half-day work schedules in embassies and offices, and shop around for the best exchange rates.

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AVERAGE ITEMIZED INCOME-TAX DEDUCTIONS

Do you sometimes wonder if your tax deductions might be too large or too small, or how they compare with those of other people in the same income bracket? Our Economic Unit worked out these averages from returns of those who itemized their deductions in 1975:

| Adjusted Gross Income | Medical | Taxes | Contribution | Interest | Other Allow- |
|-----------------------|---------|-------|--------------|----------|--------------|
| | | | | | Thrift |
| \$ 7,000-10,000 | \$641 | \$801 | \$365 | \$987 | \$572 |
| 10,000-15,000 | 535 | 1,058 | 397 | 1,234 | 567 |
| 15,000-20,000 | 480 | 1,442 | 461 | 1,514 | 549 |
| 20,000-25,000 | 424 | 1,792 | 530 | 1,654 | 539 |
| 25,000-30,000 | 411 | 2,212 | 689 | 1,832 | 653 |
| 30,000-50,000 | 459 | 2,962 | 928 | 2,330 | 602 |
| 50,000-110,000 | 667 | 5,246 | 1,986 | 3,801 | 1,191 |

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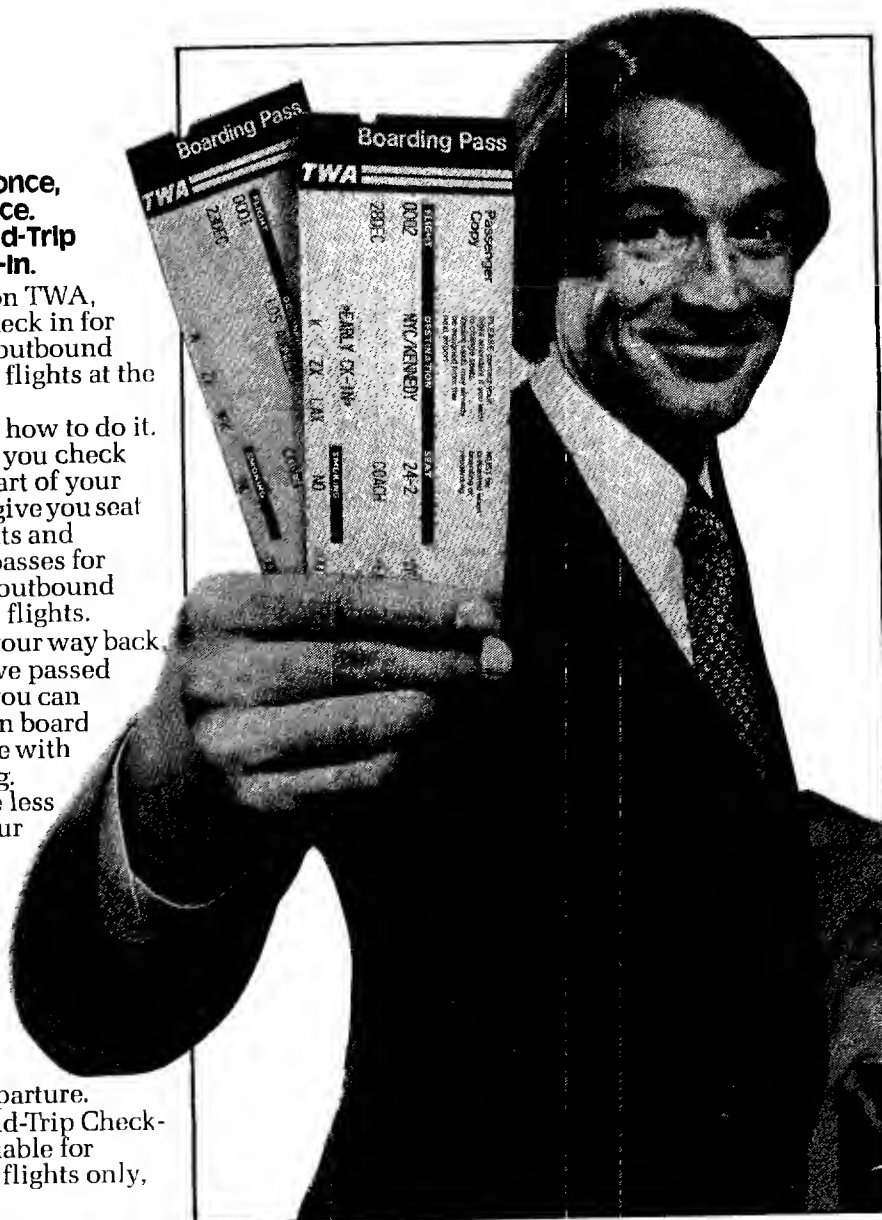
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How to Save on Your '77 Taxes

New tax-saving opportunities abound for people who will take extra pains in filling out their returns this year. But pitfalls for the unwary are plentiful, too.

It's not too early to get a start on your federal income-tax return for 1977. Major changes in the way you figure your tax are bound to prove very confusing. Failure to allow plenty of time for the task could cost you a good deal in added taxes.

Even without such changes, extra time spent on your return could yield worthwhile savings—a fatter refund check or a leaner settle-up payment.

"Tax simplification," it turns out, applies only to people who do not itemize deductible expenses. For those who do, there are added complications this year. Either way, the boxes on these pages that explain the changes in the law should help you work your way through the new 1040.

Here are tips on tax-saving opportunities along the way:

Reporting Your Income

Reporting all your income of the taxable sort will help keep you out of trou-

ble with the Internal Revenue Service. But don't include income that is tax-exempt. It can be expensive. Examples of tax-free receipts:

- Social Security and railroad retirement benefits, welfare payments, unemployment pay and food stamps.

- Scholarships, but make sure the payments were not made mainly for your services to the granting institution. The Internal Revenue Service and the courts are tough on this.

- Part or all of a pension or annuity in many cases, as well as half of any net long-term capital gain.

- Interest on State and local securities, though any profit on the sale or redemption of these securities is subject to tax.

- Gifts, inheritances and life-insurance proceeds, as well as veterans' benefits.

- The first \$100 of dividend income—\$200 for couples filing jointly if each had at least \$100 of such income.

Do not overlook this "exclusion" on line 10b of your return.

One frequently overlooked example of tax-free income: A widow draws her husband's insurance in installment payments, some of which is interest on the proceeds. The first \$1,000 of such annual interest is nontaxable.

Remember, however, that interest accumulating on certificates of deposit must be reported as it accrues.

Tax shelters, Congress, the IRS and the courts are drawing the strings tighter and tighter on "business losses" claimed on tax-sheltered investments by the affluent, self-employed business and professional people in particular. If you had tax-shelter income or loss in 1977, better consult competent counsel.

Working abroad. Congress may yet postpone retroactively the new rules imposed in 1976 on income earned by thousands of Americans residing and working abroad. For now, though, you are expected to report under the new rules. If Congress acts, you can claim a refund later.

Capital gains. If you sold stocks or other capital assets in 1977, take care in figuring the tax results. Try this easy way:

- Figure your net gain or loss on sales of all assets that you had held more than nine months—a change from the old six months.

- Do the same on gains and losses taken on sales of shorter-term holdings.

- Then net out the resulting figures.

If you end up with a net short-term gain, you must report it in full as ordinary income.

If the result was a net long-term gain, only half of it is to be reported as income. And the tax on the total gain will not exceed 25 per cent—or 35 per cent on such gains in excess of \$50,000.

Perhaps you ended the year with an over-all short-term loss. If so, you can deduct that loss against ordinary income up to \$2,000, compared with only \$1,000 in earlier years. Any "unused" loss can be carried forward as a deduction against 1978 gains.

What if the result of your 1977 trading was a net long-term loss? You can deduct only \$1 against ordinary income for each \$2 of loss. Limit on such deductions: \$2,000.

For instance, if you had a net long-term loss of \$5,000 in 1977, you can deduct \$2,000 from other income and carry \$1,000 of loss over to 1978.

Did you retire and sell your home last year? If so, note the improved break for people selling their homes after age 65: The gain on such a sale will be tax-free if the sales price was \$35,000 or less—up from \$20,000 in prior years. If the price exceeded \$35,000, the tax-free part will be proportionately larger now.

Adjustments to Your Income

The time is long past when most taxpayers could ignore benefits bestowed in this section of the return. Some of the juiciest of all deductions are claimed here against gross income, rather than as personal deductions. Thus, you can take these deductions without itemizing others.

Alimony. This year for the first time, alimony payments can be deducted against gross income when you figure your adjusted gross income. And you can claim the new standard deduction, known as the "zero-bracket amount."

Moving expenses. It's easier now to

Who Must File—

Under new rules now effective, you must file a 1977 tax return if your income topped these amounts:

| | |
|---|---------|
| Single person, under 65 | \$2,950 |
| Single person, 65 or older | \$3,700 |
| Married couple filing joint return | \$4,700 |
| —if one spouse is 65 or older | \$5,450 |
| —if both are 65 or older | \$6,200 |
| Married couple filing separately—each | \$ 750 |
| Surviving spouse under 65* | \$3,950 |
| Surviving spouse 65 or older* | \$4,700 |
| Self-employed person with net self-employment earnings of | \$ 400 |
| Single person claimed on another's return and with unearned income of | \$ 750 |

BUT REMEMBER, no matter how little you earned, you must file a return in order to get a refund of income taxes withheld from your pay or get a rebate from an earned-income credit.

* A widow or widower with a dependent child is entitled to file a joint return in the year of the spouse's death and for two years thereafter in some cases.

qualify for the deduction of expenses incurred in moving to a new job location. The new site needs to be only 35 miles farther from your old home than your old job was. The difference formerly had to be 50 miles.

Deduction limits are raised, too. In addition to costs of moving your family and household goods, you can deduct up to \$3,000 in costs of house-hunting trips before moving, meals and lodging in temporary quarters at your new location for up to 30 days, plus expenses in selling your old home and acquiring a new one.

Note the elaborate instructions on the form for this deduction, as well as the special limitations.

Retirement programs. Your 1977 contributions to an individual retirement account—or IRA—are deductible up to 15 per cent of your work earnings, with a limit of \$1,500 a year, or \$1,750 if your plan includes a nonemployed wife or husband.

The maximum on HR10—Keogh—plans for self-employed people is \$7,500.

Note: If you have not made a 1977 contribution to an IRA or HR10 plan set up before year-end, 1977, you still can do it up to February 14 for an IRA or up to your tax-return due date for an HR10 plan.

Disability income. Sick-leave pay no longer is deductible for most people, but payments for early retirement for total and permanent disability may be.

If you qualify, you can exclude up to \$5,200 in disability pay, but that maximum will be reduced dollar-for-dollar by your income in excess of \$15,000. Note the rules on form 2440.

Employee expenses. Some other costs can be deducted against gross income and, thus, claimed in addition to the zero-bracket amount.

Some employee business expenses can be deducted here. Outside salespersons often incur entertainment expenses as part of their job. Teachers, others undertake travel primarily for education to improve skills at their present work. These costs may be deductible. But note that the rules on these are tough and substantiation requirements very strict.

Personal Exemptions

Keep the income test and the support test entirely separate in figuring whether a dependent entitles you to one of the \$750 exemptions, and you'll save a lot of headache.

Apply the income test first. In general, only a dependent with 1977 income of less than \$750 qualifies you for an exemption. But note:

- In this particular test, the depen-



CHECKLIST OF TAX CHANGES

Among the changes in law affecting taxes on incomes received in 1977—

- ☐ **New tax tables** will make it easier for most people to find out how much they owe.
- ☐ **Standard deduction** is replaced by a new "zero-bracket amount."
- ☐ **Allimony** may now be deducted by the person who pays it, even if other deductions are not itemized.
- ☐ **Capital gains** qualify for favored long-term treatment only if the assets were held for more than nine months.
- ☐ **Capital losses** can be used to offset as much as \$2,000 of ordinary income, up from \$1,000 last year.
- ☐ **Moving expenses** in larger amounts may now be deducted. The change of job need not involve as much distance as before.
- ☐ **House sales** by the elderly get more-liberal capital-gains treatment this year.
- ☐ **Aged and blind persons** now qualify for additional \$35 tax credits.
- ☐ **Annuities, pensions** and other deferred compensation are now included in "earned income" subject to a maximum tax rate of 50 per cent.

dent's tax-free income does not count. Your dependent parent, for example, may have had \$1,000 or more in Social Security benefits and still make you eligible for an exemption.

- The income test does not apply at all to your own children under 19 or in school. They could have incomes of thousands of dollars and still be your dependents.

Now see if you can get by the support test. You must have put up more than half of the total support of a dependent—more, for example, for your mother than she put up from her own resources—including any of her tax-free income that she spent on herself.

For the support test, count all money spent on such needs as food, clothing, and lodging, including the fair rental value of lodging you provided for a youngster who was away at school.

Money spent on capital items such as a car need not be counted. Also, income that your dependent saved, though counted under the income test, is not counted as a support item.

Example: After college graduation last spring, your daughter got married and took a job. For 1977, the income test does not apply. Thus, if you provided more than half her support for the year, you can claim an exemption for her. So can she—it's taken twice in this situation. But make sure she does not file a joint return for 1977.

Another example: Last year your mother received \$3,000 in Social Security benefits, plus \$800 in dividends and \$400 in interest on state and local

bonds. All but \$700 of that income—\$800 in dividends minus the \$100 exclusion—is tax-free and does not count under the income test. If you put up more than half of her support costs, you get to take her exemption.

And this reminder: Did you and your brothers share in the support of a parent whose income was under \$750? If so, note the rules that let you take turns claiming the exemption.

Your Personal Deductions

It will pay you to itemize your deductible expenses if you can list more of them than—

- \$3,200, if you file a joint return as a married couple or a widowed person qualified to file such a return.

- \$2,200 as a single person or unmarried head of household.

- \$1,600 as a married person filing separately.

Here are some of the most frequently overlooked deductions:

Medical costs. While medical expenses are deductible only to the extent they exceed 3 per cent of income, there is an exception. Half of your medical-insurance premiums are deductible up to a maximum of \$150 per return.

In totting up health costs, be sure to count outlays on eyeglasses, dentures, and the like. And include travel necessary for medical reasons. If you drove, count 7 cents a mile plus tolls and parking fees.

State and local taxes. Only these taxes now are deductible: income taxes,

real and personal-property taxes, gasoline taxes and sales taxes.

A couple of tips on using the sales-tax tables in the IRS instructions—

- Check to see if your State table includes any local sales tax. If not and you pay one, add it in.

- The income figure you use should include all receipts, taxable or not.

- The tables do not allow for 1977 purchases of these large items: a car or truck except in Vermont and West Virginia, boat, mobile home, airplane, or materials for building a new home if you were your own contractor. Sales taxes on these can be added to amounts shown in the tables.

Interest costs. If, as a home buyer, you paid "points" on the mortgage, the expense is deductible. But there are new restrictions on this one.

A penalty for late payment of a utility bill counts as interest.

Discounts on notes are deductible but usually only in the year you make payments.

Your charities. Cash outlays in charity work are deductible. For use of your car, you can take 7 cents a mile plus tolls and parking fees.

Donated property can mean sizable deductions, but only under the stickiest of rules. Tickets to charitable events can be deducted to the extent the cost exceeds the market value.

Don't forget the dollar you put in the Salvation Army pot or other small donations. They add up. Checks mailed to charities on or before December 31 are 1977 deductions.

Casualty, theft losses. It's hard to show unreimbursed losses in excess of an \$100 "floor," but note: If the same sort of nature damaged two properties—say your home and your car—treat the loss as a single casualty.

Other deductions. Some employee expenses are taken as itemized deductions on schedule A—union dues, professional-organization dues and publications, tools and materials, entertainment in most cases.

Deductions for investors: safe-deposit box, market letters and the like.

Don't overlook the fees you paid for tax advice or counsel. Example: Some of the legal fees incurred in divorce may have been for tax advice.

Your political donations also can be deducted here—up to \$100 on a single return or \$200 on a joint return. Or you can claim a tax credit for half the amount donated up to a limit of \$25 on a single return, \$50 on a joint return.

Other Tax Savings

Don't overlook these opportunities arising from recent law changes:

- The general tax credit—of at least

\$35—is now offered on a per-exemption basis. Thus, extra exemptions for age or blindness mean extra credits.

- Pensions, annuities and deferred pay now come under the 50 percent limit on tax rates applied to earned income.

- Child-care expenses that are incurred in order to make jobholding

possible now are taken as a credit and not as a deduction.

- If you accepted a lump-sum payment for your stake in a pension plan last year, most of it can be treated as a long-term gain. But a new 10-year-averaging rule could turn out to be a highly attractive alternative. Check the possibilities before deciding. □



Tips on Your Tax Return

The whole process of filling out your tax return has undergone drastic change this year. Here are hints to keep in mind:

Computing Your Tax

New tax tables. Most individuals, even if they itemize deductions, must use the new tax tables.

Your exemptions of \$750 per person and your general tax credit of at least \$35 for each exemption are built into the tables. Therefore, you look up your tax with few, if any, computations.

Tax-rate schedules. You must use the regular tax-rate schedules, and compute the tax yourself, if you fit any of these descriptions:

1. Your income is more than \$40,000 and you are filing a joint return.
2. Your income is more than \$20,000 and you are single, or married and filing separately, or an unmarried head of household.
3. You claim more exemptions than the tax tables list.
4. You claim the alternative tax on capital gains, or you use income averaging or the 50 percent rate ceiling on wages, salaries and the like.

If you use the rate schedules, remember that your exemptions and general tax credits are not included in the schedules. You must claim them separately when computing your tax.

Claiming Your Deductions

If you do not itemize deductions—The standard deduction allowed by law now is built into both the tax tables and the tax-rate schedules. Thus, the tables and schedules show no tax—nor do you have to pay any—on income at or below these standard allowances, called "zero-bracket amounts":

- \$3,200 for people who are filing joint returns.
- \$2,200 for singles and heads of household.
- \$1,600 for couples who are filing separately.

If you do itemize deductions—You must subtract from your total deductions the standard allowance that already is provided in the tables and schedules. Thus, you deduct only the amount in excess of the standard allowance. A formula for figuring the amount you deduct is spelled out in schedule A of the form 1040 tax return.

Filing the Short Form

The newly simplified 1040A return is expected to be used by nearly half of all individual taxpayers. Check to see if you can use that return without sacrificing any tax privileges.

If you wish, you can fill in little more than identification and income. Internal Revenue Service will figure your tax and bill you—or send a refund.

TAX RULINGS

With Pocketbook Impact—

Whose insurance? Many husbands give their life-insurance policies to their wives to avoid payment of estate taxes on the proceeds. But that may not work in community-property States.

Meyer's policy designated his wife as "owner," as well as beneficiary. Yet, at his death, the Internal Revenue Service included half the proceeds in his estate as community property.

The Tax Court observed that, where the insurance premiums are paid out of community funds, "clear, definite and convincing" evidence is required to overcome the presumption of Washington State law that the policy is community property. The court found no signed agreement as to the ownership and no other evidence but the designation of the wife as owner on the policy. It therefore ruled in favor of Internal Revenue.

Now a federal appeals court, too, has held the policy to be community property.

Letter rulings. These "private-letter rulings" by IRS cannot be cited as legal precedents but do offer official guidance:

- A bank with a scholarship program that rules out the relatives of its employees wants to amend its plan to allow participation of children and their relatives except in the case of the managers of the program, their supervisors and all senior officers to whom they are responsible. The change "will not jeopardize the advance approval" given earlier by IRS.

- As a general rule, an employee cannot make deductible contributions to an individual retirement account, or IRA, in a year in which he participates in a company pension or profit-sharing plan. However, there is this exception: An employee is permitted to make deductible contributions to an IRA during a year in which his employer terminates the company's plan and fails to make a contribution to it.

Requests for citations to these cases should be addressed to Reader Service, 2300 N Street, N.W., Washington, D.C. 20037.

NEWS-LINES®

What You Can and Cannot Do If You Run a Business

as a result of recent court and government decisions

EMPLOYERS may find workers more inclined to file job-discrimination suits as a result of a Supreme Court ruling. The Court held that someone who loses a job-discrimination suit against his employer cannot be forced to pay the employer's legal fees, unless the judge finds that the suit was "frivolous, unreasonable, or without foundation."

MORTGAGE LENDERS get financing aid in a new program launched by the Federal National Mortgage Association. To encourage lenders to make conventional loans on two-to-four family houses in older urban neighborhoods, FNMA, starting February 1, will be prepared to purchase these mortgages. The previous program applied only to mortgages on single-family houses.

ANTIBOYCOTT RULES have been toughened by the Government to prevent U.S. companies from co-operating in the Arab boycott of firms trading with Israel. The Department of Commerce's new rules, among other things, bar the "risk of loss" provision inserted by U.S. contractors in agreements with suppliers. That provision requires a supplier of products to a contractor for a project in an Arab nation to assume all the costs if the Arab country rejects the products because the supplier is on a blacklist.

SANITATION in meat and poultry plants is causing the Government concern. The Department of Agriculture says it will begin publicizing the names of meat and poultry plants that have been identified as "chronic problem plants" under inspection-compliance procedures. The Department hopes that this will help prod the plants "into line."

INSULATION FIRMS risk trouble if their product fails to meet federal standards. In the first action growing out of the Federal Trade Com-

mission's probe of the industry, a federal court has ordered two firms to test the flammability of insulation already installed in homes and replace it if necessary, and to stop selling their product until they have set up a system insuring the insulation's safety. The action was brought as a result of FTC affidavits charging that the companies' insulation created a fire hazard.

IT'S ILLEGAL in some cases for a company to fail to stop an antiunion employe from harassing and threatening other workers because of their pronoun sympathies. The National Labor Relations Board held that one firm violated federal labor law by failing to stop such conduct. Reason: The employer's inaction in the context of its past antiunion attitude created the impression that it welcomed and encouraged employe efforts to defeat unionization.

PENSION MANAGERS can now get a rundown of the changes made by final regulations for employe pension plans so that the plans can be amended to comply with these rules. An Internal Revenue Service publication points out some of the differences between temporary and final rules that are likely to require plan changes in areas such as minimum participation standards and minimum vesting standards. The publication, IR-1947, is available at no charge at local IRS offices.

PUBLIC UTILITIES can now help low and moderate-income homeowners in rural areas in obtaining home-weatherization loans, the U.S. Department of Agriculture announces. Home-owners unable to find credit except through USDA's Farmers Home Administration may arrange to have weatherization work financed by the agency through the utilities. Loans will be repaid by installments added to utility bills.

Conclusions expressed are based on decisions of courts, government agencies and Congress. For reasons of space, these decisions cannot be set forth in detail. On written request, U.S. News & World Report will refer readers to the basic material.



Editor's Page

Putting Youth on Course

By Marvin Stone

Congress has passed a small bill with an important message. The Career Education Incentive Act provides federal funds—to be matched by States—for a system to teach young people what careers are open and what they must know to enter those careers.

School counselors obviously are not now providing the needed direction. Fewer than half the 17-year-olds in a survey by the National Assessment of Educational Progress could name more than one skill necessary for their chosen jobs.

At a time of monstrous unemployment for teen-agers—1 in 7 jobless among whites and 2 in 3 among blacks—such a handicap is too much, and contributes to a grievous situation.

Getting down to cases, William Raspberry, a columnist for the *Washington Post* who happens to be a black, relays this account from a New York management counselor:

One in a group of young men facing the interviewer wanted "a white-collar job, you know, where I can tell a few people what to do." If that didn't pan out, would he consider taking a job like driving a cab? "No, man. I got to make 25 to 30 K, minimum."

Six of the others looked forward to working in "mass communications." But they couldn't tell what a mass-communications job might involve.

The trouble, however, is not just with the \$25,000 positions. Another Raspberry column makes that plain—

"A local firm . . . decided to hire young men aged 17 to 21. Listen to their boss, a young black man who had urged that they be hired in the first place:

"Twelve of the youngsters didn't have Social Security cards and didn't know what Social Security cards were. Several had no Selective Service card, driver's license or anything else they could use for identification, and most of them were not cognizant of the fact that they needed basic

ID. They could not fill out application forms."

It wasn't that they didn't want the jobs. "Kids were lined up outside at 5:30 in the morning," Raspberry quotes the supervisor. But: "They'd work an hour or so and go to the bathroom and stay 30 minutes, or go over in the corner and take a nap . . .

"I don't know where the problem originates. I suppose it's because their counselors don't tell them, or because they don't have to sharpen their wits hustling their own jobs, or because there are no fathers, brothers or uncles to clue them in to how it's done."

This is not exclusively a black problem by any means, although the blacks suffer from the higher rate of joblessness. For both black and white, an even more urgent meaning is laid out by John Allen, author of "Assault With a Deadly Weapon: The Autobiography of a Street Criminal." He was interviewed by the *Washington Star*:

Question: How did you get started in street crime?

Allen: It seemed to me, even at a very early age, everyone in my particular neighborhood was participating in some type of crime . . . another way for them to survive. . . . It's like a job, really."

It sticking people up was the only job Allen could see, then something is patently wrong, and now we have at least a partial remedy.

The Career Education Act is designed to instruct more teachers in the career information they should be transmitting, to bring expert advice into the classrooms, and to take students out to work situations where they can learn conditions for themselves. If successful, it will make clear what a young person must do to start at 25 K and what the options are if he or she cannot.

But States and communities will have to co-operate if the remedy is to work. If they see their own self-interest, they will



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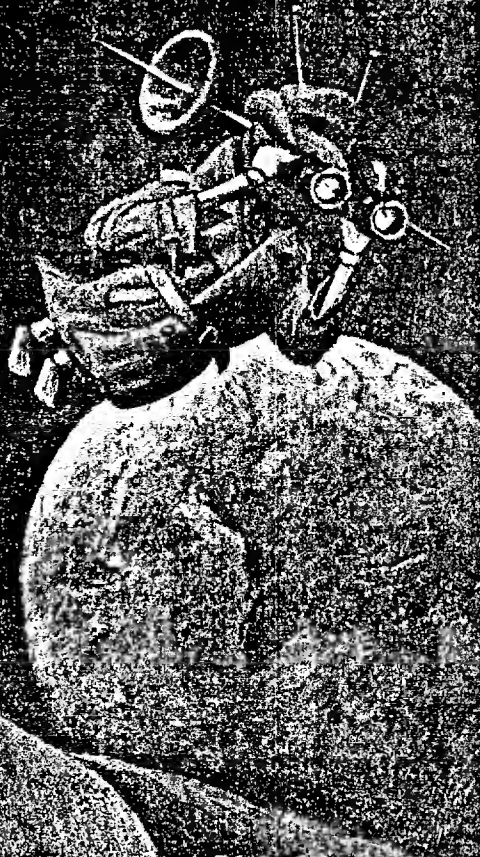
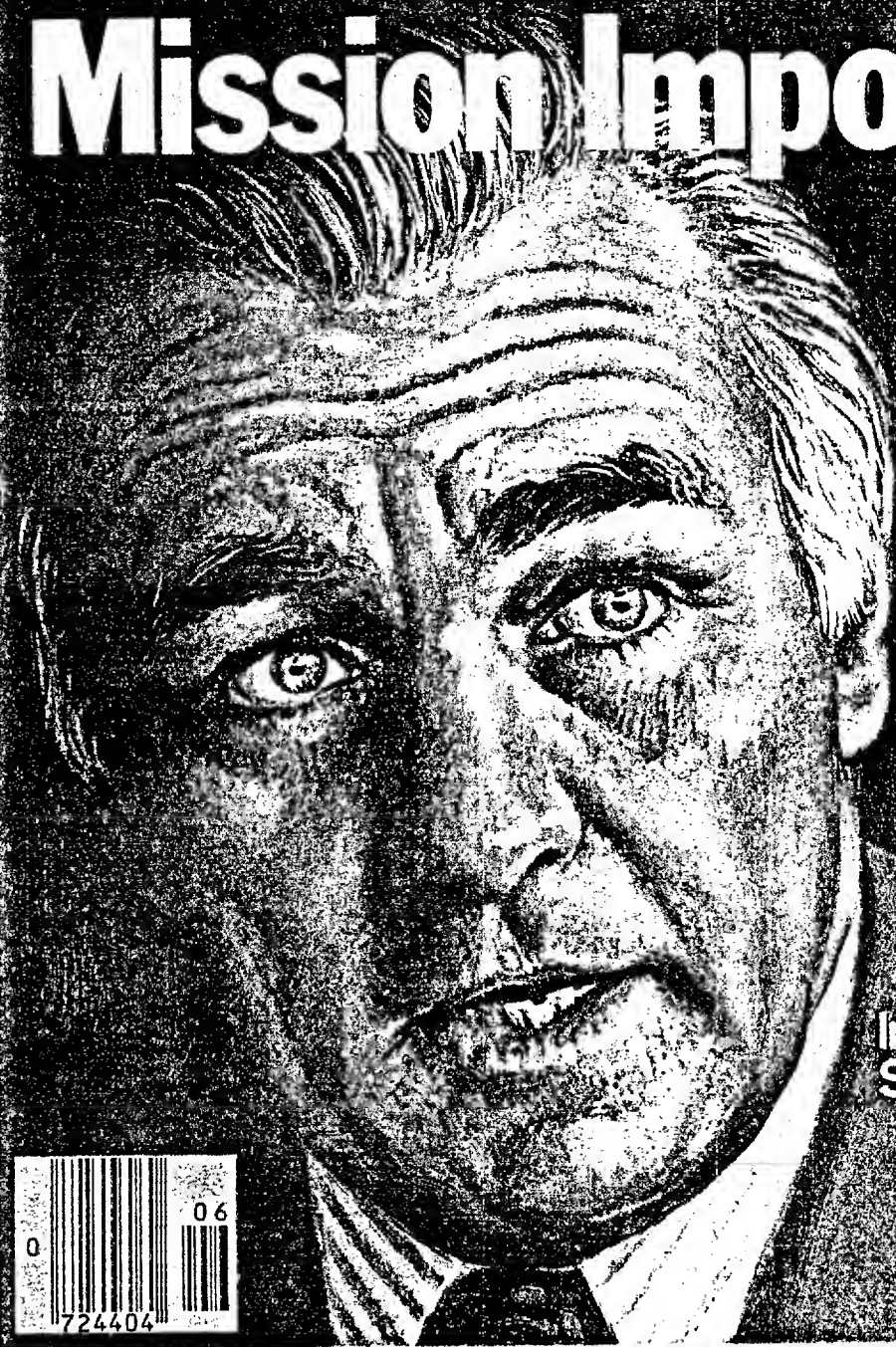
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TIME

The CIA Mission Impossible?



Intelligence Chief
Stansfield Turner

Stottick



Nation

TIME/FEB. 6, 1978

COVER STORIES

Shaping Tomorrow's CIA

The embattled agency is opened up, aired out and trimmed down



Never before has a secret agency received such public scrutiny. It is indeed a unique event that a modern nation is exhaustively examining one of its chief weapons of defense for all the world to see—including its adversaries. Yet this unprecedented exposure of the Central Intelligence Agency is perhaps the inevitable result of attacks on a vast bureaucracy that operated too long out of the public eye. America's premier defense agency has been under intense fire both at home and abroad for violating what many critics felt were proper standards of international conduct.

Once a proud company of proud men acting with the confidence that not only would their accomplishments serve their country but that their fellow citizens would support them, the agency has found its very functions and rationale severely questioned. It has had five directors in five stormy years. Its chiefs seem to spend more time before congressional committees than in planning and administering. Its agents, never public heroes because of the secrecy of their work, are now portrayed in the harshest of press accounts as conspiratorial villains. Somehow the rules of the spy game changed and, as the CIA men keep telling themselves, changed in the middle of the game.

The result has been inevitable—sagging morale, deteriorating ability to collect intelligence, and declining quality of analysis. Increasingly, this has worried Government policy framers, who are all too well aware of the need for prime intelligence sources and evaluation.

It has also, not incidentally, comforted those who work against the CIA. A Soviet KGB agent told a TIME correspondent in Cairo last week: "Of all the operations that the Soviet Union and the U.S. have conducted against each other, none have benefited the KGB as much as the campaign in the U.S. to discredit the CIA. In our wildest scenarios, we could never have anticipated such a plus for our side. It's the kind of gift all espionage men dream about. Today our boys have it a lot easier, and we didn't have to lift a finger. You did all our work for us."

In an effort to restore the CIA's esteem, reorganize the U.S. intelligence community, and deflect further criticism from the agency, President Carter last week signed an Executive order that places all nine U.S. intelligence agencies under the direct budget control and close coordination of one man: CIA Director Stansfield Turner, 54. Incorporated in the order were sharp curbs on the kind of clandestine practices that brought the CIA much of its criticism.

The new appointment and the new directives were received with mixed emotions in the U.S. intelligence community. There was skepticism that the overall problems of intelligence coordination and direction could be cured either soon or simply. In addition, since taking over the CIA last March, Admiral Turner has become one of the most controversial men in Washington. His unpopularity in his own agency stems in part from the brusque way in which he eliminated 212 jobs in the Directorate of Operations—the arm that deals with covert activities and intelligence gathering (the other arm handles analysis). The sackings reflect a longstanding desire to reduce the size of the CIA and scale down its covert operations.

It was the exposure, and to some extent the misrepresentation, of these covert activities that got the CIA into so much trouble. While zealous agents sometimes overstepped legal limits, the agency more often took the rap for activities that were ordered or approved by higher authorities. The abortive Bay of Pigs invasion was approved by Presidents Eisenhower and Kennedy. It is still debated whether Kennedy and Lyndon Johnson knew of or supported assassination attempts against foreign leaders, such as the bizarre plan to supply poisoned cigars to Fidel Castro. LBJ approved Operation Phoenix, in which agents direct-

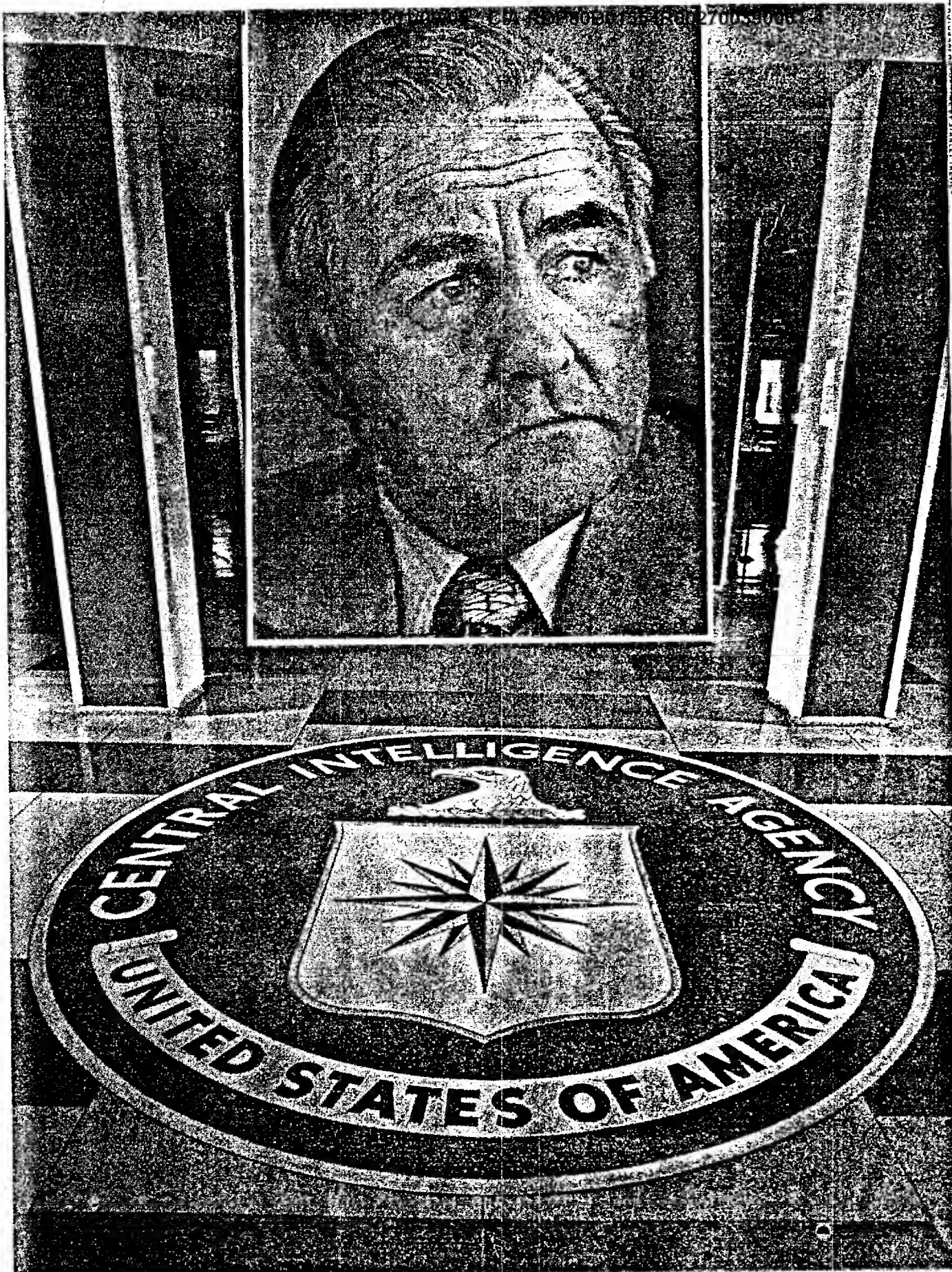
ed the killing of Viet Cong terrorists. In Chile, the CIA gave money and a helping hand to opponents of Marxist Salvador Allende. But there is no evidence connecting the CIA to the coup that overthrew and killed Allende in 1973, though the episode gave the U.S. a black eye. The CIA's surveillance of American citizens was grossly exaggerated by much of the press. One clear abuse by the agency, which it apparently carried out to tally on its own initiative, was experimenting with LSD and other drugs on unwitting victims.

Paradoxically, more is expected of the CIA just when its capabilities are being restricted. Last week, when a Soviet spy satellite broke up over Canada and invaded the atmosphere like a streak of fireball, it served as a blazing reminder that the world remains a dangerous place, far from a Utopia where a democracy can conduct all its business openly.

Détente or no détente, the Soviet Union is a formidable antagonist that continues seeking power and influence, or at least the ability to apply pressure, all over the world. Spending a higher percentage of its gross national product on weaponry and troops than the U.S. does, Russia is striving to outstrip American military prowess in many areas. This means that a secret service capable of ferreting out Soviet intention—as well as capabilities is vital to U.S. security. Says Cord Meyer Jr., a much-decorated retired CIA official: "We need a very, very alert advance warning capability, not only for weapons but for times when Soviet leaders may have reached a decision or when they are tending toward a decision."

Good intelligence has made a possible to cooperate with Russia to contain the arms race. Mutual spying by satellite enables the U.S. and the Soviet Union to monitor the weaponry in each country and provide some prospect that the other side is not cheating. Says a State Department official: "The SALT initiatives would not have been possible without intelligence."

The rise of Third World forces has put an additional burden on American intelligence. Most of the new nations have authoritarian regimes that do not freely supply the kind of political and economic information that is routine in the West. If the U.S. expects to stay abreast of developments in these vast areas of the globe,



Entrance hall of CIA headquarters in Langley, Va., with agency seal on floor; inset: Admiral Stansfield Turner, the nation's intelligence chief
More need than ever for sharply focused political and economic analysis in a dangerous and increasingly complex world.

It needs a sophisticated and sensitive intelligence apparatus. Says a former deputy director of the CIA: "Totalitarian countries can use naked power; an open society has to depend on its wits." On top of the normal tensions of national rivalry, there is now the added danger of international terrorism. The U.S. has escaped serious incidents so far, but it needs intelligence to help protect its allies from this latest scourge of political fanaticism.

Among their responsibilities, the CIA and the other U.S. intelligence agencies have provided psychological profiles of such key leaders as Egyptian President

Anwar Sadat and Israeli Premier Menachem Begin. Intelligence has supplied background information to Secretary of State Cyrus Vance on every step of his diplomacy in the Middle East. The CIA is probing the likely consequences of the French and West German elections later this year, the course of Sino-Soviet relations, the ethnic conflicts that could rend Yugoslavia after Tito dies, and the possibility of intervention there. Attempts by the U.S. to prepare for world political developments would be inconceivable without intelligence.

All this work is jeopardized if the in-

telligence community is unreasonably weakened by public attacks. Policymakers and intelligence officials abroad are especially worried that outside pressures could all but incapacitate the CIA. They fear that Americans are too susceptible to periodic bouts of moral outrage, that they fail to understand their cherished democratic freedoms must be protected from a world that in large part does not cherish them. Appearing on the *David Susskind Show* in January, Jack Fishman, a British expert on intelligence, said he was "appalled by the way the American public is falling into the trap of slender-

The Motto Is: Think Big, Think Dirty

When Soviet Cosmos 954 naval reconnaissance satellite plummeted from its orbit and disintegrated over northwestern Canada last week, it underscored an inescapable fact of the space age: we are never alone. Nor, for that matter, is the other side. Day and night, little is hidden from the intelligence-gathering techniques of the U.S. and the Soviet Union. Information is plucked from space, from the ground, from under the sea. A rundown of some of the most sophisticated methods for gathering data:

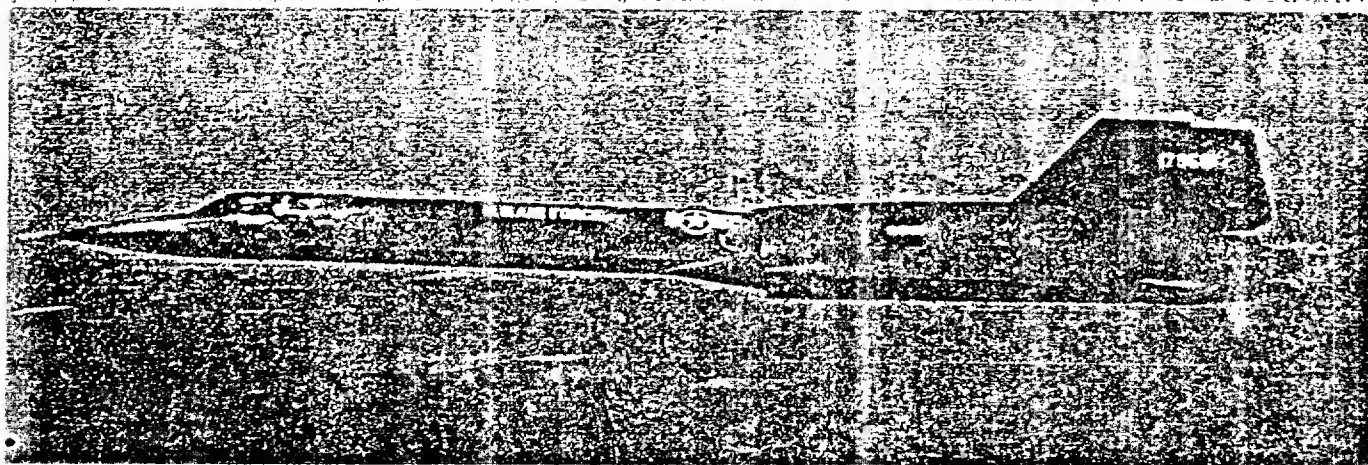
SATELLITES. In 1972 the U.S. and Soviet Union agreed that a "national means of verification" could be used by both sides, without interference, to police arms control pacts. In plain English: spy satellites were legal.

The star of the U.S. spy satellite stable is the Lockheed "Big Bird," a 12-ton technological marvel orbiting as high as 250 miles above the earth. Big Bird, 55 ft. long and 10 ft. wide, is equipped with electronic listening equipment along with black-and-white, color and infrared television and still cameras. It is able to make a low orbital pass at an altitude of 90 miles and take extraordinarily detailed photographs, which give U.S. intelligence information on Russian and Chinese harvests as well as clues to secret weapon construction. On one mission over the Soviet Union, Big Bird snapped the make, model, wing markings and ground-support equipment of a group of planes stationed near Plesetsk, Russia's key military launch center. Exposed film is stored in six canisters that are periodically ejected into the earth's atmosphere, descending by parachute toward a point in the Pacific Ocean north of Ha-

wai, where they are snatched from the air by a giant Y-shaped sky hook bolted to the nose of an Air Force cargo plane. If that fails, the canisters float on or just under the surface of the Pacific, giving off radio and sonar signals, and are recovered by frogmen.

Big Bird's coverage, though steadily improving, is still limited by the amount of propellant aboard to about 220 days a year. Meanwhile, the Soviets have gained an intelligence edge by again manning their Salyut space station, which passes over the U.S. twice a day. U.S. intelligence officials believe the Russians are likely to keep cosmonauts in space from now on. American astronauts, on the other hand, will not revisit the Spacelab system until the new space shuttle is launched in 1980. The Soviets have another advantage in space: the "hunter-killer" satellite that can track an orbiting vehicle, side up to it, and detonate like a hand grenade, blasting its victim to bits. The satellite killer's main potential target: Big Bird.

PLANES. After the embarrassing U-2 incident in 1960, President Eisenhower promised the Kremlin there would be no more U.S. spy flights over the Soviet Union. Three years later, however, Lockheed unveiled another super flying machine that could probably make the trip with impunity: the needle-nosed SR-71 (for strategic reconnaissance), a 12-ton aircraft that travels three times the speed of sound at more than 85,000 ft. Armed with electronic "spoofing" gadgetry capable of disrupting enemy tracking systems and even wiping its own image off a radar scope, the plane is nicknamed "Blackbird" for its sooty heat-resistant paint job. The world's highest-flying and



Lockheed-built SR-71 spy plane, nicknamed "Blackbird" for its sooty coat of paint, the world's fastest and highest-flying manned aircraft.

Plucking information from space, from the ground and even from the sea with gadgets limited only by the human imagination.

ing and smearing its own security organization. The CIA may have made many mistakes, but that does not mean you should smash your own security in the name of freedom of speech. You can't destroy yourself."

Last week former CIA Director Richard Helms made much the same point: "If we treat people who do this kind of work as second-class citizens, we are not going to be able to get anybody to do our dirty work for us."

Most foreign intelligence officials do not think the damage has gone so far that it is not containable. Says a top West German intelligence officer: "The CIA's work is still very good, but it's not up to past lev-

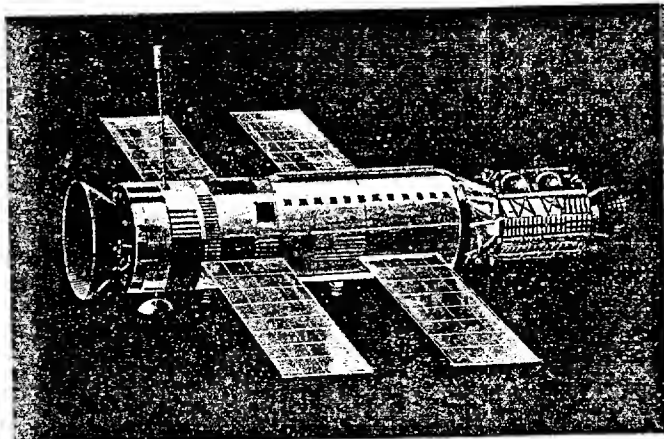
els. What the CIA urgently needs now is to settle down, get a clear sense of direction and confidence again. This is vital for all of us, not just those in intelligence work."

Carter's Executive order on intelligence is intended to restore this balance and confidence. The President said that his reorganization directive was the product of the most extensive and highest-level review ever conducted. Just under a year in the making, the order expresses a rough consensus among the intelligence and defense communities, the White House and Congress.

Carter, characteristically, had been hard to please. He returned four drafts to

his staff for revision. Says a top Administration official: "The reorganization practice will tell if the reorganization works, but there was plenty of anguished howling as well as celebration in drawing up the order." The controversy suggests that, like any other bureaucratic reshuffle, this one will work only as well as those involved want it to work.

The document aims to achieve greater efficiency by streamlining the intelligence community under Turner, and to curb misdirected actions by imposing new restraints on covert activities. Says David Aaron, deputy director of the National Security Council: "It was important to end once and for all the notion that ef-



Artist's conception of U.S. "Big Bird" reconnaissance satellite

fastest manned airplane, the SR-71 can travel more than 2,000 m.p.h. Though the U.S. has honored Eisenhower's promise, in 1967, as Communist Chinese nuclear technicians triggered their first hydrogen bomb, they were stunned by a blip moving across the radar scope; Blackbird was photographing the whole show. The plane carries high-powered cameras that can map most of the U.S. in three passes, as well as three-dimensional filming equipment that can cover more than 150 sq. mi. so precisely as to locate a mailbox on a country road.

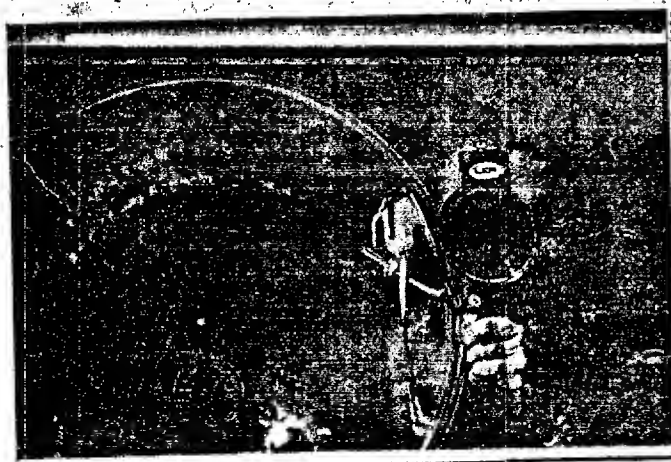
"BUGS." Last month the Pentagon warned defense contractors to be wary of what they said in messages carried by commercial satellites because the Soviets are listening to every word. Using innocent-looking vans or "ferret" satellites or balloon-supported towlines, trailing from submarines, that act as 2,000-ft. antennas, the Russians pick up microwave transmissions from telephones, radios and satellites. Last year they installed huge eavesdropping antennas near Havana to intercept messages sent from the U.S. overseas. At KGB headquarters in Moscow, 30,000 workers specialize in computer analysis of miles of taped transmissions. The U.S. can scarcely complain; some 4,000 Americans employed by the National Security Agency, CIA, Defense Intelligence Agency and secret private contractors are doing exactly the same thing. Both Soviet and American technicians use advanced computers programmed to react to trigger words; a Soviet analyst, for instance, might sit up straight on coming upon words like Cobra Dane, a new radar installation in the Aleutians, or Trident, the giant U.S. submarine now under construction.

Microwaves, the short radio waves that have been adapted to cook roasts and heat frozen dinners in compact kitchen ovens, are also used to bug conversations in nearby rooms or vehicles. Metal resonators buried around a room will vibrate from sounds in the air. The microwaves are bounced off the res-

onator, carrying the vibrations back to the eavesdropper's receiver. The spoken words are then reproduced electronically. Such gear has allegedly been used for a U.S. surveillance project called Gamma Guppy that has tried to eavesdrop on conversations conducted by members of the Soviet Politburo in their limousines. Another James Bondian device: a laser bug. The laser shoots a narrow stream of light against a window, which will vibrate from the sounds in the room; the beam grabs an "image" of the vibrations, which is then converted back to sound by a special receiver.

CAMERAS. If a spy wants pictures to go with the dialogue he has bugged, all he needs is an unobstructed view of his target, a little quiet, and either a Starlight Viewer with a camera adapter or an Intensifier Camera, both made by Law Enforcement Associates, Inc., a New Jersey electronics firm. Compact handheld devices, they retail for about \$3,000 and can be operated along with earphones and a parabolic reflector or "dish" that can pick up normal speech up to 800 yds. away in an open space or in a room across a noisy street. The Starlight Viewer amplifies light 50,000 times and is perfect for nighttime surveillance; the intensifier needs some light but produces more sharply detailed photographs.

What the spy trade calls ELINT (for electronic intelligence) seems limited only by the range of the human imagination; it is a tinkerer's dream so long as intelligence wizards bear in mind the unofficial motto of space age spying: think big and think dirty. But all their gadgets, no matter how effective and sophisticated, are unlikely to make the man in the trenchcoat obsolete. Satellites and planes and bugs might dig up secret information faster, but HUMINT (for human intelligence) is needed to interpret it, and to decide what to do next.



Hand-held viewer used with "dish" eavesdropper
Day and night, little escapes the intelligence gatherers.

continued

fective intelligence can't be carried out within constitutional limitations."

Under the new Executive order, responsibility for CIA and other intelligence operations is clearly lodged with the President and his top aides. Presidential passing of the buck for any unsavory covert activities will now be much harder, if not impossible. The National Security Council remains at the top of the intelligence pyramid. Two of its committees, set up last year by NSC Director Zbigniew Brzezinski, will have expanded powers. The Policy Review Committee will continually examine all intelligence operations. Chaired by Turner, the committee will include the Vice President, the Secretaries of State, Treasury and Defense, the National Security Adviser, and the Chairman of the Joint Chiefs of Staff. The Special Coordination Committee, chaired by Brzezinski, includes the members of the NSC, along with other senior officials who are chosen to attend. It will be responsible for special intelligence operations, thus sharing with the President the supervision of all sensitive covert activities carried out by the CIA.

This committee will also take over coordination of counterespionage, an activity that is handled by the FBI within the U.S. and by the CIA abroad. No one is sure how this change will work, since counterespionage has become the unwanted stepchild of intelligence. The FBI admits flatly it no longer has the manpower to keep track of all the Soviet KGB agents flowing into the U.S. and its eff-

orts, like the CIA's, have been impeded by growing restrictions on surveillance. Admits one Carter aide: "Counterintelligence is still a mess. We haven't resolved anything except to deal with it in the classic bureaucratic sense: move the funder, and rename it."

The new set of prohibitions is extensive and severe. Perhaps most important, the Attorney General is drawn into the heart of intelligence to ensure a legal basis for all domestic operations. His approval is needed for an intelligence agent to open mail sent through U.S. postal channels, to join any domestic organization, or to contract for goods and services in the U.S. without revealing his identity.

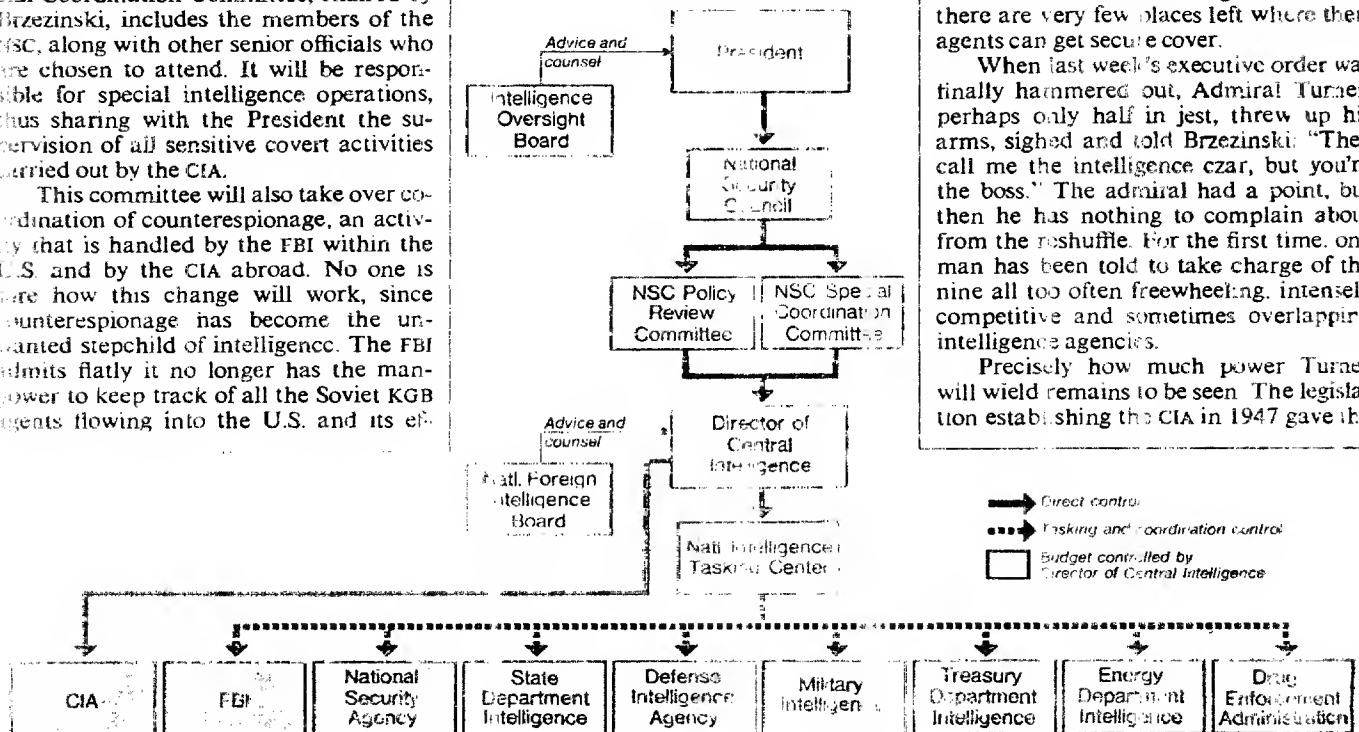
Surveillance of American citizens within the U.S. can be conducted by the FBI only in the course of a formal, lawful investigation; surveillance of a U.S. citizen abroad is allowed only if he is thought to be involved in some activity inimical to national security. The Attorney General is instructed to make sure that any intelligence activity within the United States or directed against any United States person is conducted by the least intrusive means possible.

Assassinations are flatly prohibited. So is any experimentation with drugs, unless it is done with the subject's consent under Health, Education and Welfare Department guidelines. U.S. spies not be permitted to join any other federal agency without their identity being disclosed—a directive that has drawn fire from CIA officials, who rightfully claim there are very few places left where their agents can get secure cover.

When last week's executive order was finally hammered out, Admiral Turner, perhaps only half in jest, threw up his arms, sighed and told Brzezinski: "They call me the intelligence czar, but you're the boss." The admiral had a point, but then he has nothing to complain about from the reshuffle. For the first time, one man has been told to take charge of the nine all too often freewheeling, intensely competitive and sometimes overlapping intelligence agencies.

Precisely how much power Turner will wield remains to be seen. The legislation establishing the CIA in 1947 gave the

INTELLIGENCE CONTROL



AME Chart by [illegible]

CIA

Budget: (1978) est. \$800 million
Employees: est. 20,000
Mission: To collect foreign intelligence and provide support for other U.S. intelligence agencies. Domestic intelligence activities must be coordinated with FBI and have approval of the Attorney General.

FBI

Budget: \$513 million
Employees: 20,000
Mission: To investigate federal crimes and conduct counterintelligence within the U.S., and coordinate such activities with other agencies.

National Security Agency

Budget: est. \$1.2 billion

Employees: est. 24,000

Mission: To monitor U.S. and foreign communications coming from satellites, land-based transmitters and submarines. To break foreign codes and ensure the security of the Government's own communications.

State Department Intelligence

Budget: \$11.5 million
Employees: 315
Mission: To collect—overtly—foreign political, economic, scientific and sociological information, and coordinate with the CIA director to ensure that U.S. foreign intelligence activities help U.S. foreign policy.

Defense Intelligence Agency

Budget: est. \$200 million

Employees: 4,300

Mission: To provide and coordinate military intelligence for the Secretary of Defense, the Joint Chiefs of Staff, and non-defense agencies.

Military Intelligence

Budget: Unavailable
Employees: Unavailable
Mission: To provide tactical and strategic intelligence and counterintelligence for each branch of service—Army, Navy, Air Force and Marine Corps; coordinating foreign work with the CIA and domestic duties with the FBI.

Treasury Department Intelligence

Budget: est. \$926 million
Employees: Unavailable

Mission: To collect—overtly—foreign investment and monetary information and produce and disseminate foreign intelligence relating to U.S. economic policy.

Energy Department Intelligence

Budget: \$24.7 million
Employees: Unavailable
Mission: To produce and disseminate intelligence about foreign energy supplies, production, intentions and policies.

Drug Enforcement Administration

Budget: \$188 million
Employees: 4,365
Mission: To collect, produce and disseminate intelligence on foreign and domestic narcotics production and trafficking.

director, as his title suggests, a certain degree of authority over all the intelligence agencies; he was charged with "coordinating" their activities. But he only loosely performed that function. The new executive order considerably enhances the director's authority and responsibility. He has control of the total intelligence budget (an estimated \$7 billion a year) and the right to give assignments to all the agencies. Turner's position ultimately depends on the power realities of Washington and his own abilities.

No one who knows Stan Turner doubts that the driving, fiercely ambitious admiral will make the most of his new job. He is one of the armed services' new breed of activist intellectuals who pride themselves on their grasp of nonmilitary matters: politics, economics, psychology. Born in Highland Park, Ill., a Chicago suburb, Turner decided on a naval career instead of joining his father in real estate. After graduating 25th in his class at Annapolis (Jimmy Carter finished 59th out of 820 in the same class of '46), he studied at Oxford on a Rhodes scholarship. He served on a destroyer during the Korean War; from 1972 to 1974 he was president of the Naval War College, where he gained a reputation as a man of unconventional opinion. As he wrote in an article in *Foreign Affairs*, he preferred to "focus on trends rather than statistics."

Named commander of the Second Fleet in the Atlantic in 1974, Turner resorted again to unconventional tactics. He checked on the readiness of his ships by making surprise visits by helicopter. Then he would toss a life preserver into the ocean and order sailors to save a hypothetical man overboard. His ambition was to become Chief of Naval Operations, but his plans were interrupted last March by his Commander in Chief. Since Turner remains in the Navy, he is accused by critics in the CIA of using the intelligence post



Powers hearing sentence in Moscow (1960)
A world that does not cherish democracy.



Castro's Cuban troops firing at advancing rebels during ill-fated Bay of Pigs Invasion (1961)
Taking the rap for a series of secret operations that were approved by higher-ups.

as a steppingstone to the Joint Chiefs of Staff. The truth is, he probably could have found a safer route.

At the office through long days and into the night (his average work day is 12 hours), Turner spends his remaining time with his wife Patricia at their home in northwest Washington. His son Geoffrey is a Navy lieutenant stationed in Monterey, Calif. Daughter Laurel is married and lives in San Diego. Turner, who seldom drinks and does not smoke, likes to play tennis and squash or swim when he has the chance. His social life usually involves old friends from the Navy, not new ones from the CIA.

Turner's difficulties at the agency come, at least in part, from his carrying out the duties assigned to him. It has been common wisdom in recent years that the CIA had become too large. Staff reductions began under James Schlesinger, who was director in 1973, and continued under his successor, William Colby. When Turner took over, he found various options on his desk for eliminating some 1,500 positions over five or six years. Rather than leave people in suspense for so long a period, he decided to make a quick cut of 820 jobs over two years.

He did it none too diplomatically. With scant regard for the feelings of people who had served their country unsung for decades, he permitted a photocopied memo informing 212 employees of their dismissal to be distributed last Oct. 31. Some of the people fired thought he bore them a personal grudge. Says one of his former aides: "Stan is deeply suspicious of the clandestine services. He is very uncomfortable with their basic uncontrollability. He doesn't like their fine clothes and accents, their Cosmos and Yale and Georgetown clubs. They're simply not good sailors. He finds them sneeringly elliptical. It drives him crazy. He just can't get hold of this maddening quicksilver."

Turner could not have been pleased

with his victims' undisciplined response. They dubbed the occasion the "Halloween massacre" and passed around a take-off of the admiral's song in Gilbert and Sullivan's *H.M.S. Pinafore*:

*"Of intelligence I had so little grip
That they offered me the directorship.
With my brassbound head of oak so stout
I don't have to know what it's all about."*

Only 45 people, in fact, have been fired outright. Others have been retired, and the CIA personnel office is looking for Government jobs for the rest. Sums up Turner on the agency's cutbacks: "What do you want—happy spies or effective and well-controlled spies? The gripes are mainly from those who were asked to leave. It is ironic that the media are so enthusiastic about all those good old experienced spies—who brought all those things that the media railed against for all those years."

The CIA boss has support where it counts the most. At the signing of the executive order last week, Carter went out of his way to stress "my complete appreciation and confidence in Admiral Stan Turner." Carter sees Turner more often than previous Presidents saw their CIA chiefs. The admiral has briefed the President once or twice a week in hour-long sessions, usually alone. Turner prepares the agenda and spends ten to twelve hours reading background material for each session. According to a presidential aide: "Carter likes Turner's crispness, his grasp, his 'yes sir, no sir,' no-nonsense naval officer's style."

All the furor over the CIA's real and putative misdeeds has obscured its solid accomplishments over many years. Except for rare periods of war, the U.S. did not even have an overall intelligence service until the Office of Strategic Services

continued

was created in 1942; it provided Americans with a hazardous and exhilarating main course in espionage. OSS members formed the nucleus of the CIA, which was started in 1947 in response to Soviet expansionism. The agency attracted talented recruits from campuses in the 1950s, and its activities spread adventurously, and occasionally recklessly.

Now, as the 1980s approach, what kind of CIA can—and should—the nation have? To hear Turner and other intelligence authorities, the agency will be smaller, with more sharply focused analysts, and with covert operations scaled down and sparingly used.

While the quality of CIA analysis in general is not what it used to be, the agency is still unsurpassed in interpreting technological data. The American public was exposed to the awesome possibilities of aerial espionage when a U-2 spy plane was brought down over the Soviet Union in 1960, and its pilot, Francis Gary Powers, was put on trial and jailed for two years. Since then the U-2 has been supplemented by an ever expanding array of observation satellites and eavesdropping devices. As a senior member of the National Security Council puts it, "The agency is best when there's something very specific that you want to know, preferably a question that can be answered with numbers, or, if not with numbers, then at least with nouns. The fewer adverbs and adjectives in a CIA report, the better it tends to be." But since this is a world of adverbs and adjectives—that is, of emotions that cannot be measured scientifically—more subjective analysis is needed. "We're neglecting soft input, the human factor," says a top foreign policy adviser in the White House. "There is insufficient keen political analysis."

White House officials complain, perhaps excessively, that the agency has failed to give them advance warning of crucial developments. Why, they ask, was the CIA not better informed about the reaction Vance would receive when he took

his SALT proposals to Moscow last March? Common sense, however, might have indicated that the Secretary would run into trouble because the proposals were too sweeping to be acceptable to the Soviets. The White House felt that the CIA should have had some inkling of Sadat's decision to go to Israel; yet U.S. intelligence had warned that Sadat was frustrated and looking for a bold step. The CIA had satellite photos of a secret South African nuclear facility in the Kalahari Desert, but had not interpreted them. The White House was considerably embarrassed when it learned that the Soviets had already discovered the installation.

Policymakers sometimes fail to use sound intelligence when it is offered. President Johnson disregarded the discouraging CIA reports on Viet Nam; they were not what he wanted to hear. The White House rejected CIA warnings of a Middle East war in 1973. Why would the Arabs want to start a war they could not win? reasoned the policymakers. It did not occur to them that the Arabs could win something just by fighting better than they had the last time.

As the CIA has grown bigger, it has become more bureaucratic. Too much important paper is circulated. Analysts are more conscious of job and status, and less daring and imaginative than they were in the '50s and '60s. Says an Administration official: "There's a lot of bureaucratic cover-up that goes on when guys write long-range stuff. They don't want to be wrong, so they tend to be glib and platitudinous."

Though covert operations involving intervention in the internal affairs of other countries are being reduced, some have been successful. The CIA backed overthrow of Iran's Premier Mohammed Mossadegh in 1953 and of Guatemala's President Jacobo Arbenz the following year, headed off threats of Communist takeovers and stabilized conditions to the benefit of the Western world. Other operations were more dubious. In the Dominican Republic, Dictator Rafael Trujillo was assassinated in 1961 by rebels supplied with guns by CIA agents. The ensuing chaos forced President Johnson to send in the Marines four years later. Notes New York University Law Professor Thomas Franck: "By using dirty tricks that backfired, we set ourselves up as the universal scapegoat for every disaster caused by either God or incompetent governments."

But not all covert CIA operations can—or should—be ruled out. "There is a mean, dirty, back-alley struggle going on in which many other governments are participating," says former Secretary of State Dean Rusk. "If we withdraw unilaterally, they aren't going to stop. We must maintain a first-rate covert capability."

Potential dangers exist in many parts of the world, especially where the ever expanding KGB is active. What if a revolutionary group with Soviet ties were plotting

a coup against the government of Saudi Arabia, thereby threatening the world's oil supply? Surely the U.S. would need a clandestine force to support the legally constituted government and oppose such a disruptive act. Says former CIA Director Colby: "There really has to be something between a diplomatic protest and sending in the Marines."

It is difficult to prescribe exact behavior for a covert undertaking. Strict rules of conduct could be damaging in certain situations. Suppose terrorists manage to obtain and hide an atomic weapon, then threaten to blow up a city—a not inconceivable happening in the decades ahead.



Allende in presidential palace (1973)

Hard to prescribe clear-cut rules.

says Telford Taylor, a law professor who served in intelligence during World War II. "If the safety of a city were at stake, I'd say go ahead and burn up their toenails. Absolute morality is a little hard to swallow in this kind of thing."

But all agree that proper authority must be exercised over covert operations. It is much debated whether—and how much—successive Presidents knew about the various CIA projects; practically everyone else was kept in the dark. "I didn't learn about the Castro assassination plots until two years ago," admits Rusk. "That's intolerable. The Secretary of State must know what is going on. There has to be an inventory of ongoing things."

Yet former CIA Director John McCone, among many others, argues that only a few leaders of the Administration and Congress should be informed of sensitive intelligence projects, and other officials should be let in on secrets only if they "need to know." After the rush of disclosures about the CIA, everybody on Capitol Hill wanted to find out what the agency was doing. Oversight was spread among eight, sometimes sieve-like, congressional committees. The eight still exist, but Turner increasingly is reporting to only two intelligence committees, one each in the House and Senate. The new executive order confirms this arrange-



Vietnamese being led to CIA plane (1974)
New safeguards against excesses.

ment. The trend is toward reducing the number of people involved in oversight, though they will be more watchful than their predecessors in the '50s and '60s.

With the new supervision and tougher regulations, the national uproar over the CIA can be expected to subside. Damage has been done, but the U.S. intelligence community will survive. Jonathan Moore, director of the Institute of Politics at Harvard, feels that the attacks on the CIA might have "put us at a disadvantage under certain circumstances,

but I'd put it in the category of run-able risks. After the debate is ended, after Chile, Viet Nam and Watergate, we say we are going to clean up our act, but we sure as hell are going to have an act. We might be more potent than before."

There even seems to be a swing of public opinion in support of the CIA, a recognition of the basic point that it is not a contradiction for an open democracy to have a secret intelligence agency. Senator Daniel Inouye, the Hawaii Democrat

who formerly chaired the Senate intelligence committee, feels that: "If a poll were taken today, it would find spying is still essential. We hate wars, but we must maintain our defense posture. Our spies are not monsters." Nor will they be saints in a world and an occupation that produce very few. A certain realism and perspective is necessary. Intelligence must be recognized for what it is: occasionally dangerous, sometimes dirty, sometimes exhilarating, often tedious, very necessary work.

Turner: "I Will Be Criticized"

In an exclusive 90-minute interview, Stansfield Turner discussed the changing nature of spying with TIME Diplomatic Correspondent Strobe Talbott.

Excerpts:

On the mission of U.S. intelligence. American intelligence today is moving away from the two focuses of intelligence for its first 20 or 25 years [after World War II]. The first focus was on covert action, and the second was a preoccupation with the Soviet Union, particularly the military aspects of the Soviet Union. Let me not leave any doubt. The Soviet military is the No. 1 intelligence issue and must remain so. But without neglecting the cardinal line of defense, we've got to be able to tackle a much wider range of subjects. Today we've got to look at most of the 150-odd countries of the world. We have legitimate needs for good intelligence information on many of them. That transcends military matters. It gets into the economic as well as the political area. So the character of the whole organization has got to shift to accommodate these new factors.

On congressional oversight. There are clear risks in the process of oversight. The first is that we will end up with intelligence by timidity—we won't take any risks because somebody might criticize us. The second is exposure. If you have too many people viewing a sensitive operation, it may become publicly known and cost somebody's life or abort the operation. I'd like to see us notify fewer committees of Congress; now we technically report to eight of them.

On the changing demand for covert action. I don't think the country wants us to interfere as much in other people's affairs by covert means today as in the past. I don't think it's as effective today as in the past—and it wasn't all that effective then. The batting average is not big league.

But I'm dedicated to preserving for

this country the capability to turn to political action when it suits the purpose and when it is properly authorized. We have not by any means abandoned covert action. While it has been much scaled down from the height of the '50s and '60s, it does continue.

On how a covert action is undertaken. I'm not the guy who should push covert action. I'm not a policymaker, but if someone who is a policymaker asks, "Turner, what can you do for us in the way of covert action here?" I like to reach in my pocket and have a plan there, ready. A couple of times it [a plan] has been accepted. But on the whole I have not found it a very attractive option.

On clandestine financing of foreign political forces. Let's say Country X is having an election tomorrow, and we like Party A but don't like Party B. If we go into that Country and start feeding money to people in Party A, even assuming we're totally free of leaks in the U.S., there's still a high probability that there'll be a leak in Country X.

You could say that we got away with it in the past, but today you probably wouldn't get the politicians in Party A in Country X to accept the money, for fear it would become public knowledge and they'd lose more than they'd gain.

So I'm saying that some of the tools that have been used in the past have different effectiveness in a different world climate. Evidence of external tampering, particularly from one of the major powers, has tremendous internal ramifications that it didn't have 25 years ago.

On the proposal that a separate agency be set up to conduct covert operations. That would be costly and perhaps dangerous. You would end up constructing an organization, with people overseas, just for covert action, whereas today we get dual service out of people [those in covert operations engage in intelligence gathering as well]. If there were a separate bu-

reaucracy with good people in it, they would end up promoting covert action—not maliciously, but because they would be energetic. We should be ready to do what we're asked to do, but not be out drumming up business.

On assassination. I am categorically prohibited from doing it. If we were in some *extremis* situation where it was justified to take human life for a good cause, like a hijacking, why, at least we could get the President to make an exception. Now, if it [the presidential prohibition] becomes law, we are going to have to be very precise on how that law is worded so we don't get into an absolutely absurd situation. But nobody wants to do assassinations.

On paramilitary operations. We are retaining a paramilitary capability on stand-by as part of our covert action kit.

On antiterrorism and antinarcotics operations. We have put more emphasis on both in this past year by allocating some increase of resources and by re-emphasizing to our chiefs of station that those objectives are high on our list. We have had some important successes. We have been able to abort intended terrorist operations from time to time by alerting people to them.

On the CIA's policy of making some of its studies public. I'm just so proud of what we have contributed in the past nine months to the public debate on major issues. Look at this morning's newspaper: there's a long story on Soviet oil-extraction problems. We triggered that last April by releasing a study on Soviet oil. We've put out several studies on the Soviet economy and its prospects, a study on the world energy situation, a study on terrorism. All these have given the taxpayer a greater return on his investment in intelligence. I intend to keep on with this program. I will be criticized sometimes for supporting the Administration's policy and sometimes for not supporting it. I'm doing neither. I'm giving the information we have.

Nation

KGB: Russia's Old Boychiks

The Soviet secret service is getting bigger—and better

Panama City, Fla., 1971: Carrying a hefty attaché case, U.S. Air Force Sergeant Walter T. Perkins walks to a commercial jet destined for Mexico City, where he plans to rendezvous with an agent of the KGB, the Soviet intelligence service. In the attaché case are top-secret U.S. plans for defense against a Soviet air attack. Air Force security men arrest Perkins as he boards, and his KGB contact, Oleg Shevchenko, flees Mexico for Cuba.

Damascus, Syria, 1974: Hidden KGB cameras click softly, and a secret microphone records the tender dialogue as an Arab diplomat dallies with a male paramour in the city's infamous Turkish baths. Threatened afterward with disclosure of his homosexuality, the diplomat agrees to pass information to the KGB.

Jerusalem, 1976: The Patriarch of the Russian Orthodox Church makes his pilgrimage from Moscow to the Russian Orthodox Church in Israel, the sole building in that country allowed to remain in Soviet hands after Israel's 1967 break with the U.S.S.R. Accompanying the Patriarch on his mission, as usual, is a squad of KGB agents bearing communications equipment and funds for local agents. Vladimir Ribakov, the administrative manager of the church in Jerusalem, is the KGB's chief agent in Israel.

These are only a few of the thousands of known incidents that shed a sliver of light on the sweep of Soviet intelligence activities round the world. Western authorities view the KGB as a worthy and persistent foe. Says a former high CIA and State Department official: "They're a lot better than we think: I think they're damn good."

The KGB's budget has grown to an estimated \$10 billion (v. the \$7 billion that the U.S. spends on the CIA, NSA and other intelligence agencies), and its roster, which approaches half a million employees, has grown dramatically since 1974. Western experts believe it has five times as many people involved in foreign intelligence as the CIA and Western European spy agencies combined.

A major European intelligence service claims 24% of the Soviet diplomats accredited to embassies in Western Europe are KGB agents; there are 87 such agents accredited in West Germany, 53 in Italy and 98 in Finland. About 35% of the 136 diplomats accredited to the Soviet embassy in Washington are believed to be KGB agents, and others serve as Tass corre-

spondents, trade representatives and employees of the Soviet airline Aeroflot.

International agencies, including the U.N., are another favorite KGB cover. European intelligence experts estimate that 105 to 135 KGB agents are assigned to the U.N. in Europe. One is Alexander Benyaminov, appointed in 1976 to the data processing section of the International Atomic Energy Agency, a post that puts him in contact with those who possess nuclear secrets. Often the Soviet ambassador to a country is a full-fledged KGB agent. In Greece, he is Ivan Udaltsov, who, while serving as counselor at the Soviet ambas-



KGB's Andropov (standing, center), Trade Minister Patolichev (left) and Foreign Minister Gromyko with Brezhnev in 1976

They fear they will be blamed for missing something.

sy in Prague, helped to crush the Czech reform regime of Alexander Dubček in 1968. Three months after he arrived in Athens in 1976, Ambassador Udaltsov was accused of funneling \$25 million to the Greek Communist Party; unfazed, he called a press conference to declare: "I was not upset by those reports. The KGB is a highly respected organization set up by Lenin to protect the socialist revolution and the Soviet state."

Indeed it is. The KGB center, as its command complex of buildings is called, is located only a few blocks from the Kremlin—at 2 Dzerzhinsky Square. The dour, ochre-colored buildings look down on the Bolshoi Theater and the entrance to Red Square. The agency has a huge network

can often veto applications for new jobs, visas and university admissions. It operates prison camps and mental hospitals and directs the Soviet campaign against dissidents. Lubyanka Prison, where victims of Stalin's purges, such as Grigori Zinoviev and Lev Kamenev, were executed, is part of the 2 Dzerzhinsky Square complex of buildings.

The KGB (the Russian abbreviation for Committee for State Security) is a descendant of secret police agencies maintained over the centuries by anxious Russian czars; after the 1917 Bolshevik Revolution, the Communists called their secret police, successively, the CHEKA, GPU, OGPU, GUCB/NKVD and MGB, the KGB's forerunner. Today the agency has a force of 300,000 men under arms to guard Soviet borders, as well as a corps of customs agents. Intourist too works closely with the KGB; tourist guides can steer chosen visitors to restaurants that have hidden microphones.

The KGB's boss, Yuri Andropov, took command in 1967, and in 1973 became the first KGB head since Stalin's dreaded Lavrenti Beria to join the ruling Politburo. Andropov, 63, is said to admire modern art and to be a witty conversationalist who speaks fluent English—a portrait that contrasts with his harsh actions as Moscow's Ambassador to Hungary during the 1956 uprising. Under Andropov, says one Western analyst, "the thugs are being weeded out of the KGB."

The KGB recruits from the elite of the Soviet Union's managerial class by means of an Old Boychik network. Picked for loyalty, intelligence, presence and family connections to the party and the agency, KGB recruits are often sent to Moscow's prestigious Institute for International Studies for intensive courses in foreign cultures and languages. KGB agents are given preference for scarce apartments in Moscow and buy such rare foreign goods as stereos and Scotch at giveaway prices. They socialize with each other and often intermarry.

"The really boring Russian diplomats are not KGB," says one Western intelligence agent. The KGB man often wears Western suits (veterans of U.S. service favor Brooks Brothers). He—or she—entertains freely, and spends more money than non-KGB apparatchiks.

Abroad, the most sociable KGB agents pose not only as diplomats but also as trade representatives and journalists. Their mission: gathering scientific and technical as well as military and political information. It is pursued directly by inviting employees, journalists and politicians to lunch or parties, and also by covert means.

In the field, KGB agents prepare an-

ings, the number of collaborators they will recruit in the coming year; their performance is judged against the plan. Blackmail is a favorite recruitment tactic, with sex and drugs the standard come-ons, but sometimes other pressure is applied as well. Last month Iranian Major General Ahmad Mogharebi confessed that he had spied for the KGB after Soviet agents threatened to reveal his past membership in Iran's outlawed Communist Party. Tudeh. The leader of the Iranian spy ring, a government official named Ali-Naghi Rabbani, had sophisticated radio equipment for receiving Soviet satellite transmissions in his home. Rabbani's clandestine contact was the Soviet consul in Tehran, Boris Kabanov, who was expelled from the country. Both Mogharebi and Rabbani were sentenced to death; late last month Mogharebi was executed by a firing squad.

In the Soviet Union, the KGB attempts on occasion to entrap foreign diplomats and journalists, especially ones it wishes to expel. When he was working for U.P.I., Christopher Ogden, now a TIME correspondent, was invited to a mysterious street-corner meeting in Moscow in 1973. He was offered the "secret plans" for a Soviet troop crossing into China. He declined them.

Because most of the KGB's effort is aimed at free and open Western societies, KGB tacticians stress the use of agents on the ground, instead of electronic intelligence gathering, at which the U.S. is stronger. The KGB excels at recruiting new agents; with only some exaggeration, a West German intelligence expert says, "There is not one place in the world where the KGB does not have its man." Indeed, Superspy Colonel Rudolf Abel, apprehended in New York in 1957, was found to command a vast network of agents that ranged over the entire North American continent. Today

the KGB cooperates closely with the East German Ministry for Security, which in 1972 successfully planted an agent, Günter Guillaume, as a close aide to West German Chancellor Willy Brandt. Guillaume spirited NATO defense and other secrets out of West Germany until his arrest in 1974. Last year French counterintelligence (the DST) broke up a spy ring that gave the Soviets information about the advanced



Colonel Rudolf Abel

have had their share of intelligence failures. During the 1973 Arab-Israeli war, the KGB failed to detect Israeli preparations for crossing the Suez Canal, and underestimated the maneuver's importance once it was under way. In New Delhi, the resident KGB team concluded that Indira Gandhi would easily win re-election in 1977. More embarrassing was the gambit of Vladimir Rybachenko, who served in Paris as a UNESCO official. Shortly before Soviet Party Chief Leonid Brezhnev ar-



Kim Philby

rived in Paris on a goodwill visit in 1976, Rybachenko was caught receiving secret documents that described a French Defense Ministry computer system. Rybachenko was expelled. Then there was the gift by Colonel Vassili Denisenko, the Soviet military attaché in Switzerland, to an undercover KGB spy of 13 years. Denisenko gave a pair of golden cuff links bearing the hammer-and-sickle crest to Swiss Brigadier General Jean-Louis Jeanmaire. When Jeanmaire wore them, Swiss security agents had their first clue to his treachery; he was sentenced to an 18-year prison term.

Western analysts believe the KGB has several flaws that result from its enormous size and the Soviets' authoritarian mentality. KGB agents overcollect, flooding the district and home offices with so much data that the agency does not or cannot efficiently separate the significant from the trivial. This may explain why, according



General Jean-Louis Jeanmaire

to a defector, KGB had men in the Middle East reported on Israel's plan to strike Egypt in 1967 but the word never got to Egypt. The society that creates KGB inefficiencies is also an enormous advantage to the agency, permitting it great latitude without measurable objection from its populace. After all, the agency is charged with silencing domestic critics, including any who would make so bold as

to criticize the KGB. Mirage-2000 fighter plane and NATO defenses. Israeli officials were shocked in 1972 when they deciphered the code used for radio transmissions between Cyprus, the KGB's Middle East headquarters and Moscow, and discovered the Soviets had obtained full detail of a planned Israeli retaliation raid against Syria. Damascus had the plan four hours before the scheduled Israeli raid.

Spy Guide

When students of the gray world gather, the conversation—whispered, of course—often turns to the quality of intelligence services. The CIA and KGB rank, on a scale of 1 to 4, at the top. Here, with help from intelligence operatives in the U.S. and abroad, TIME rates the other services:

Israel. Mossad, its intelligence service, is very well organized, ruthless, dedicated, all but impossible to infiltrate. Excels at information gathering and counterintelligence, is weaker on political analysis. Major target: Arab countries, naturally.

Britain. Its Secret Intelligence Service is tops at analytical work and political judgments. Good on the Middle East, less impressive on Africa. Master Spy Kim Philby's exposure as a KGB agent in 1963 was a blow, but SIS has overcome that.

Czechoslovakia and Poland. Their services are best in the East, after the KGB. The Czechs' main target: Britain, where it has 50 spies in London embassy. Poles tend to move and mix better internationally.

West Germany. Bonn's Bundesnachrichtendienst is superb on East Germany and on analyzing other Warsaw Pact countries. Reputation tarnished by penetration of Soviet and East German spies into government ministries.

France. The SDECE has some bright leaders and operates well in certain areas, notably former French West Africa. Suffers from internal squabbling and is thought to be penetrated by Communist agents.

Japan. Tokyo's Cabinet Research Office aims to gather information about foreign countries' economic policy intentions and industrial secrets. Political analysis is weak.

China. The General Administration of Intelligence operates mostly in Asia, Africa and in centers of Overseas Chinese. Technologically weak, but sound on analysis. Especially concerned with Soviet industrial development in Siberia.

Norway and Sweden. Both sound on Soviet Union, but Norway has edge, with access to NATO intelligence.

Canada and Australia. Minor league worldwide, stronger regionally.